EXTRACT

SOURCE GLOBAL RESEARCH

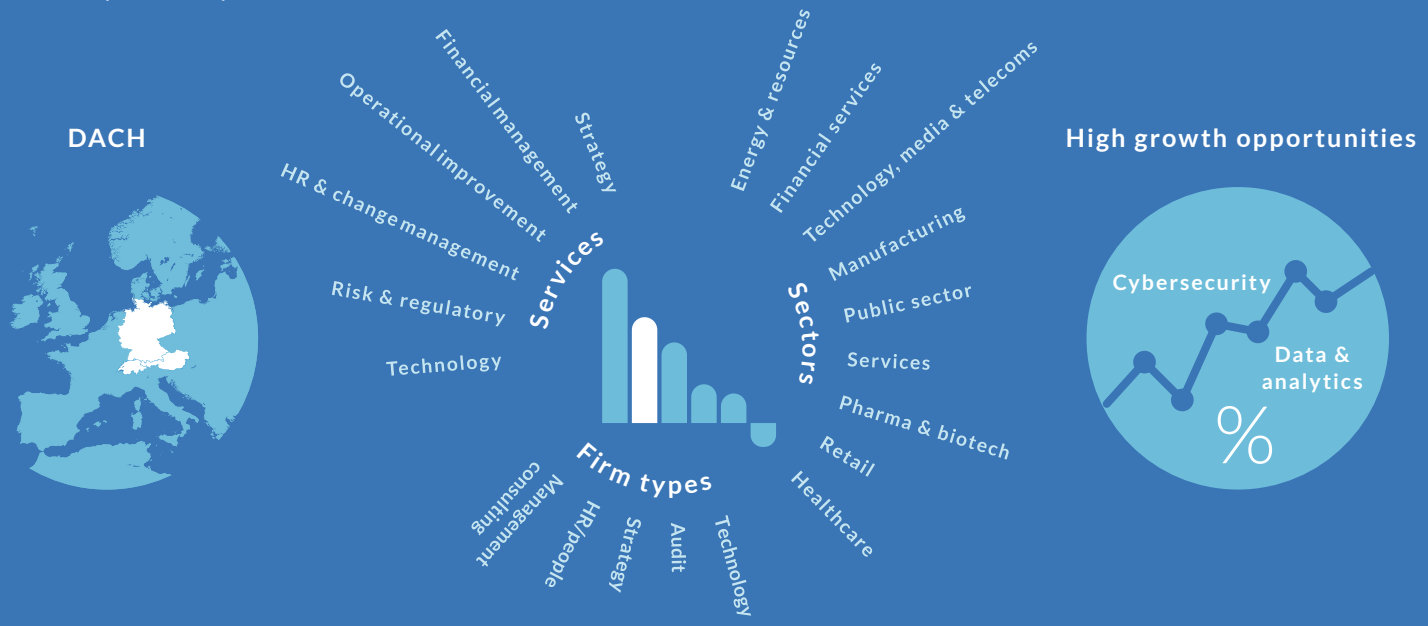
May 2020

The DACH Consulting Market in 2020

Market Trends Programme

What's included in this report

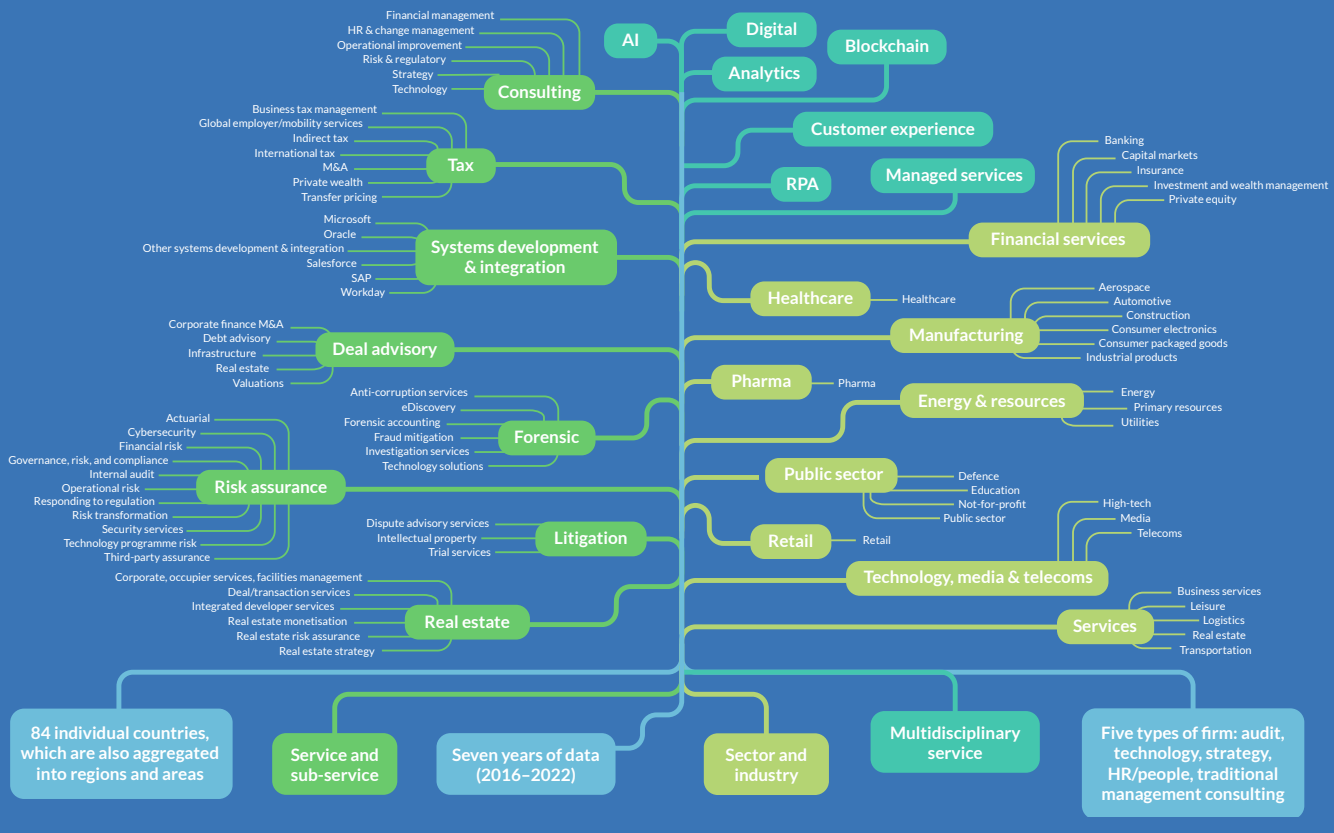
Our reports offer a wealth of market sizing, growth, and forecast data alongside engaging, in-depth analysis of the trends that matter.



2018–2020

What else we cover

Our highly flexible, multidimensional model provides firms with robust, trusted data to make informed decisions about strategic investments and plan for the future.



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Contents

1 DACH summary

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

Executive summary 4
The DACH consulting market in numbers 6
Explore the data 9
Introduction 10

2 The DACH consulting market in 2019

Explores the key trends that were front of mind for consulting firms in this market in 2019.

Overview 11
Germany 13
Switzerland 14
Austria 15
Three things that changed in 2019 16
Key trends in services in 2019 17
Key trends in sectors in 2019 27
Clients' perceptions of firms 34

3 The DACH consulting market in 2020

A view of what's likely to happen in the market in 2020.

The immediate impact of COVID-19 36
How firms should respond 38
What next? 39
How firms can prepare 46
Global trends in the consulting industry 61
2020 forecast 66

4 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 in-depth desk research on the market
- Our geography-specific survey focusing on how different trends are affecting clients' organisations and their use of consulting

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

Methodology 67
Definitions of sectors and services 72
Contributors 74
About the authors 75
Programme schedule for 2020 76
Our custom work 75
About us 76

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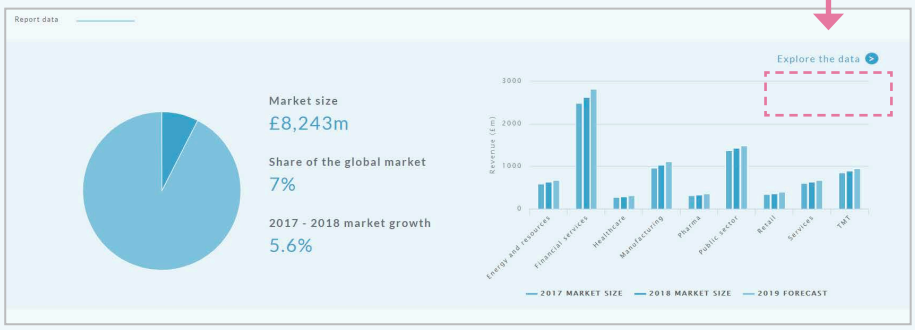
Explore the data

All of the market size data in this report is available to explore online through our global 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:



Explore the data

Our global data model is the biggest and most sophisticated model of the professional services industry available. It provides data on market size, growth rates, and forecasts across 29 industries, 12 service lines, 84 countries, and five firm types. It's the platform on which a growing number of professional services firms are basing their understanding of the market and their performance within it.

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Introduction

The COVID-19 pandemic has changed our lives, our communities, the global economy, and the consulting market, and its impact is likely to be felt for some considerable time to come. Against this backdrop, we wanted to develop a report that is as useful as possible in understanding the immediate impacts of the crisis while helping firms navigate a way forward.

Once the recovery starts, clients' needs will be dictated by the needs that were already there, coloured by recent events. Therefore, understanding both the situation before the crisis and the things that are changing right now will be essential for firms to support clients through the recovery. With this in mind, this report includes the following:

- In-depth analysis of the consulting market in 2019, including key trends, and analysis of demand by sector and service
- A look at how COVID-19 is changing the market currently and an assessment of the sectors and services most likely to experience demand once the situation improves
- Commentary around how firms will need to change what they do and how they do it in order to meet client expectations in a changed landscape
- A link to our latest forecasts for 2020

We have drawn on a number of data sources in order to develop our analysis:

- 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 this 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.
- We're very grateful for the input of a wide range of firms, who are helping us assess the impact of COVID-19 on the market by providing up-to-the minute information that we are using on an ongoing basis to adjust our existing model of the industry.
- We also carried out two client surveys to help us build a rich picture of how different trends in DACH are affecting clients' organisations and their use of consulting, covering:
  - how clients expect to use consultants over 2020 and into 2021
  - factors that affect how clients work with consulting firms
  - the ways consulting firms market themselves to clients and the impact this has on client decision making.

  Although these surveys were completed prior to the COVID-19 outbreak, this gives us some insight into clients' priorities going into the crisis.

For our latest global analysis of the effect of the COVID-19 pandemic on the consulting market, please click here.

COVID-19 model

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The DACH consulting market in 2019

Overview

2019 was a disappointing year for the DACH consulting market. Growth of 4.4% was lower than that seen in both 2017 and 2018, largely thanks to a general climate of uncertainty in the market, fuelled by anxiety about the impact of Brexit and worries about the US-China trade war. The slide in growth rate was particularly stark for the dominant Germany market, where an increase in revenues of just 4.6% in 2019 compared very badly to growth rates exceeding 8% seen in both 2017 and 2018.

Greater certainty about Brexit at the very end of the year brought some relief but this was offset by growing fears about an economic downturn, and all of this meant that more conservative clients were reluctant to commit to major investment programmes. Instead, many preferred to ready themselves for the expectation of harder times ahead, by focusing on more tactical performance improvement and cost-cutting initiatives.

> *We see that Brexit and potential trade barriers have stirred up questions and uncertainties in the export industry. With a clear lack of confidence, investments were much slower than the previous year and in some markets we saw projects delayed as a result.*
>
> Edgar Klein, Deloitte

> *In the last quarter of 2019, we started to see the real impact of a potentially upcoming economic downturn. Some consulting projects in the automotive and construction industries were cancelled as work was either brought in-house, re-evaluated, or cancelled outright.*
>
> Nikolaus Schmidt, Haufe Consulting

> *Economic developments over the past year have impacted digital spend, particularly in industrial manufacturing companies as they are the first to be affected by economic downturns but have also been the slowest to react.*
>
> Dr. Uwe Michel, Horváth & Partners

> *As we expected, 2019 was a bit slower than 2018. Work around digitisation issues, new business models, and innovation declined and it became more about performance improvement following the downward swing in the economic cycle. The market growth was more 2-7% rather than the 7-12% we'd seen previously.*
>
> Stefan Schaible, Roland Berger

Huge technology disruption and the need for model change was a double-edged sword in 2019: On the one hand it encouraged more forward-looking clients to embrace the need to transform, leading to good volumes of demand for many firms. But for other clients, the difficulties around identifying the right path to take left them paralysed by indecision, and this added to the general climate of uncertainty.

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One of the biggest challenges in the market is overcoming the uncertainty our clients are experiencing. They are struggling to determine what the right strategy and business model will be for the next 10 years, and it's making it hard for consultants.

Marco Lehmann, KPMG

Digital was a big topic in 2019 in automotive and transportation and it will remain a large consulting business line. The car makers are working on that in a really big way, since they own the interface with the consumers. There are also a lot of start-up companies, including players from other industries like tech, electronics, or software, that are engaging consultants to help them build their business models or establish their companies.

Christian Koehler, Strategy Engineers

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Three things that changed in 2019

1. **Lower growth:** The DACH consulting market experienced its worst year since 2012, thanks to cautious clients limiting major new investments in large-scale transformation work and focusing instead on the health of the bottom line.
2. **Slowly growing interest in digital:** DACH clients continue to lack the enthusiasm of their peers in more advanced markets for all things digital, but consumer demand, global competition, and the recognition of technology's value in improving efficiency all combined to encourage greater investment in digital technologies, with cloud and data & analytics work proving particularly good sources of demand.
3. **Sustainability moved into the mainstream:** Society's growing interest in all things related to climate change and becoming more sustainable started to influence consulting budgets, with clients from a whole range of industries beginning to look for help to achieve genuine change.

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Contributors

We are extremely grateful to all the people we spoke to for making this report possible. Below is a list of individuals who have contributed (excluding those consultants who wished to remain anonymous).

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Zoë is Head of Market Trends at Source and is responsible for all reports published as part of the Market Trends Programme. A world-leading expert on 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 the consulting world. She also brings extensive experience as an analyst and 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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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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Programme schedule for 2020

Reports 2020	Market Data & Analysis	Client & Brand Insights	Emerging Trends
January			
February	Forecasts for 2020 UK	UK	
March	GCC Benelux	GCC Nordics	The Future of Account Management
April	Nordics	Germany	
May	DACH France Southern Europe Australia Eastern Europe & Russia Canada US	US France	
June	India South America Mexico Japan South East Asia China	Financial Services Technology, Media & Telecoms	Sustainable Futures: Building Resilient Businesses
July	Africa Global Risk Services	Energy & Resources Healthcare	
August	Global Tax Advisory	Perceptions of Audit Firms Perceptions of Tax Firms	
September	Energy & Resources Planning for Growth in 2021	Perceptions of Risk Firms	Sustainable Futures: A Climate Transformed
October	Financial Services		
November	Healthcare Technology, Media & Telecoms		The Consultant of Tomorrow
December			

Please note that with the purchase of all country Market Data & Analysis reports in 2020, you will also gain access to monthly updates regarding the impact COVID-19 is having on the consulting industry more widely.

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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 and content strategy, development, and review

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

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About us

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.

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