

Report
Q1 2023

EXTRACT



MARKET

The France Consulting Market
in 2023



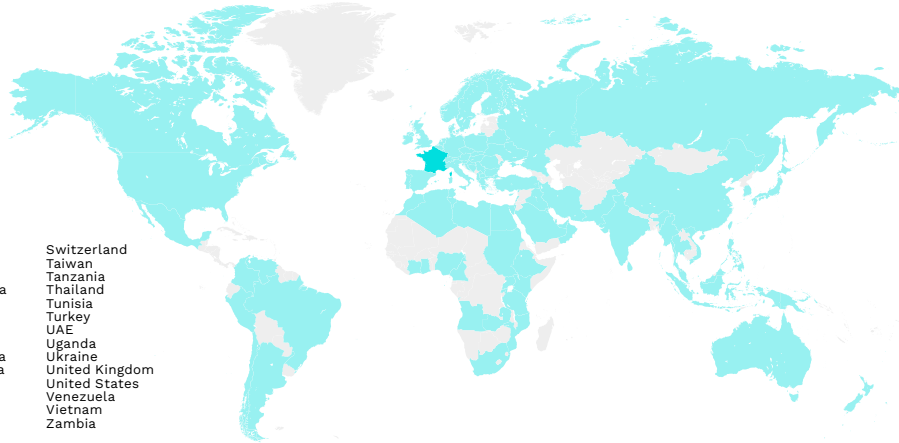
What's included in this report

Our reports offer a wealth of market sizing, growth, and forecast data alongside engaging, in-depth analysis of the trends that matter. Using our highly flexible, multidimensional model we provide firms with robust, trusted data to make informed decisions about strategic investments and plan for the future.

Geography model

● Regions covered

Albania	Germany	North Macedonia
Algeria	Ghana	Norway
Angola	Greece	Oman
Argentina	Hong Kong	Pakistan
Australia	Hungary	Papua New Guinea
Austria	India	Peru
Bahrain	Indonesia	Philippines
Belarus	Iran	Poland
Belgium	Iraq	Portugal
Bosnia	Ireland	Qatar
Brazil	Israel	Romania
Bulgaria	Italy	Russia
Cameroon	Japan	Rwanda
Canada	Kuwait	Saudi Arabia
Chile	Lebanon	Serbia
China	Libya	Singapore
Colombia	Luxembourg	Slovakia
Côte d'Ivoire	Malaysia	Slovenia
Croatia	Mexico	South Africa
Cyprus	Morocco	South Korea
Czech Republic	Mozambique	Spain
Denmark	Myanmar	Sri Lanka
Egypt	Netherlands	Sweden
Ethiopia	New Zealand	Switzerland
Finland	Nigeria	Taiwan
France		Tanzania
		Thailand
		Tunisia
		Turkey
		UAE
		Uganda
		Ukraine
		United Kingdom
		United States
		Venezuela
		Vietnam
		Zambia



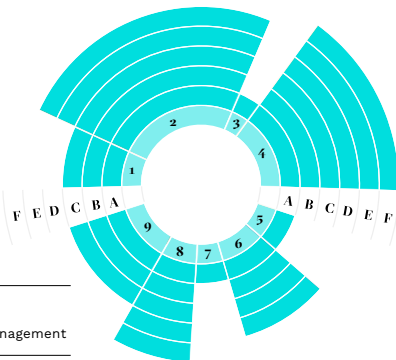
Sector model

Sectors

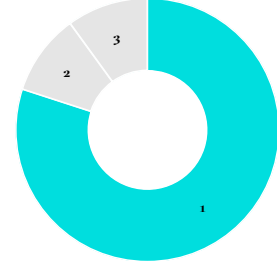
- 1 Energy & resources
- 2 Financial services
- 3 Healthcare
- 4 Manufacturing
- 5 Pharma & biotech
- 6 Public sector
- 7 Retail
- 8 Services
- 9 Technology, media & telecoms

Sub-sectors

- | | |
|--------------------------------------|-----------------------|
| 1 A Energy | 7 A Retail |
| 1 B Primary resources | 8 A Business services |
| 1 C Utilities | 8 B Leisure |
| 2 A Banking | 8 C Logistics |
| 2 B Capital markets | 8 D Real estate |
| 2 C Insurance | 8 E Transportation |
| 2 D Investment and wealth management | 9 A High-tech |
| 2 E Private equity | 9 B Media |
| 3 A Healthcare | 9 C Telecoms |
| 4 A Aerospace | |
| 4 B Automotive | |
| 4 C Construction | |
| 4 D Consumer electronics | |
| 4 E Consumer packaged goods | |
| 4 F Industrial products | |
| 5 A Pharma | |
| 6 A Defence | |
| 6 B Education | |
| 6 C Not-for-profit | |
| 6 D Public sector | |



The revenue-earning model



- 1 Consulting
- 2 Managed service
- 3 Other (contingent fees, software licensing, associate networks)

Line of business model

Services

- Cybersecurity consulting
- Risk & financial management
- HR, change & people strategy
- Operations
- Strategy
- Technology & innovation

Line of business

- 1 Cybersecurity
- 2 Risk
- 3 Forensic
- 4 Financial management
- 5 Design & UX
- 6 Innovation
- 7 Technology
- 8 Data & analytics
- 9 Research
- 10 Deals
- 11 Strategy
- 12 Real estate
- 13 Operations
- 14 Sustainability
- 15 HR & change
- 16 Architecture
- 17 Audit & assurance
- 18 Business process outsourcing
- 19 Civil engineering
- 20 Legal
- 21 Litigation
- 22 Marketing & creative
- 23 Network engineering
- 24 Product engineering & R&D
- 25 Recruitment
- 26 Software engineering
- 27 System integration
- 28 Tax

Capabilities

- | | |
|--|---|
| 1 A Cybersecurity advice | 11 F Corporate strategy |
| 1 B Cybersecurity incident response | 11 G Market analysis & strategy |
| 1 C Penetration testing & wargaming | 11 H Policy formulation |
| 2 A Technology & security risk services | 11 I Pricing |
| 2 B Operational risk | 11 J Strategic sourcing/offshoring services |
| 2 C Programme risk | 12 A Corporate, occupier services & facilities management |
| 2 D Responding to regulation | 12 B Integrated real estate developer services |
| 2 E Risk management | 12 C Real estate deal/transaction services |
| 3 A eDiscovery | 12 D Real estate strategy |
| 3 B Forensic accounting | 13 A Benchmarking |
| 4 A Budgeting/financial planning process | 13 B Business continuity & recovery |
| 4 B Debt advisory | 13 C Cost cutting |
| 4 C Finance function | 13 D Customer service |
| 4 D Financial advisory | 13 E DevOps |
| 4 E Financial restructuring & insolvency | 13 F Distribution strategy |
| 5 A Corporate identity | 13 G Lean & Six Sigma |
| 5 B Customer journey & UX benchmarking | 13 H Operational review |
| 5 C Graphic & UI design | 13 I Outsourcing advice |
| 5 D UX & service design | 13 J Post-M&A integration |
| 6 A Ideation | 13 K Process design, re-engineering & automation |
| 6 B Innovation management | 13 L Procurement/purchasing |
| 6 C Innovation strategy | 13 M Property & estate management |
| 6 D Strategies for growth from innovation | 13 N Sales & distribution planning |
| 7 A Cloud advice | 13 O Sales force effectiveness |
| 7 B ERP consulting | 13 P Supply chain management |
| 7 C IT strategy, planning & review | 13 Q Target operating model |
| 7 D IT training | 14 A Purpose-led strategy & change |
| 7 E Programme management | 14 B Resource-efficiency implementation |
| 7 F Vendor selection | 14 C Resource-efficiency strategy |
| 8 A Advanced analytics | 14 D Social impact & trust |
| 8 B Data visualisation, business intelligence & semantic layer | 14 E Sustainable workforce |
| 9 A Customer feedback | 14 F Sustainable supply chain |
| 9 B Customer segmentation | 14 G Clean technology |
| 9 C Employee feedback | 14 H Green IT |
| 9 D Environmental & social impact research | 15 A Benefits, compensation & pensions, excluding actuarial & investment advice |
| 9 E Macro/microeconomic research | 15 B Change management |
| 9 F Market research | 15 C Diversity & inclusion |
| 10 A Capital allocation strategy | 15 D Employee engagement |
| 10 B Commercial due diligence & valuation | 15 E Governance & board effectiveness |
| 10 C Financial due diligence | 15 F HR strategy & effectiveness |
| 10 D M&A transaction strategy | 15 G Leadership |
| 10 E Operational due diligence | 15 H Organisational design & culture |
| 10 F Portfolio & investment strategy | 15 I Organisational training & development |
| 10 G Public-private partnerships | 15 J Outplacement |
| 10 H Technology due diligence | 15 K Pension fund evaluation & advice |
| 11 A Business & financial modelling | 15 L Performance management |
| 11 B Category management | 15 M Stakeholder management |
| 11 C Channel management | 15 N Talent management |
| 11 D Corporate recovery & turnaround | 15 O Team effectiveness & collaboration |
| 11 E Corporate restructuring | |

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What **really** **matters**

Three things for firms to act on



In a high-pressure market, clients are demanding quick improvements that deliver concrete results.

Clients in France are feeling the force of ongoing economic headwinds buffeting the global market. The end of 2022 saw clients particularly concerned with rising costs, growing inflation, and spiralling energy prices. This backdrop has led to a market in 2023 where clients are low on confidence and, due to the continued presence of several issues, unsure about whether the direction of travel is in a positive or negative direction.

For consultants, this means that there is increased pressure from clients for projects that deliver results and efficiencies. Organisations are looking to realise benefits from all areas of the business and want quick improvements to alleviate immediate constraints. So, while they are still prepared to spend, there will be an increased expectation of quickly realised, concrete gains, delivered through more efficient or productive processes.

Although most clients look set to remain with their current suppliers, valuing the deeper understanding an established relationship brings, they are not overly enthusiastic about this decision. Firms with pre-existing relationships must understand that this comes with the expectation of more effective work, as clients are becoming more willing to look elsewhere in the event of unsatisfying results.

The consulting firms that will succeed in this newly volatile environment will be those that speak to their clients in a results-focused language. Those that can effectively communicate the cost-saving benefits of their work will reap the rewards.

Client perspective

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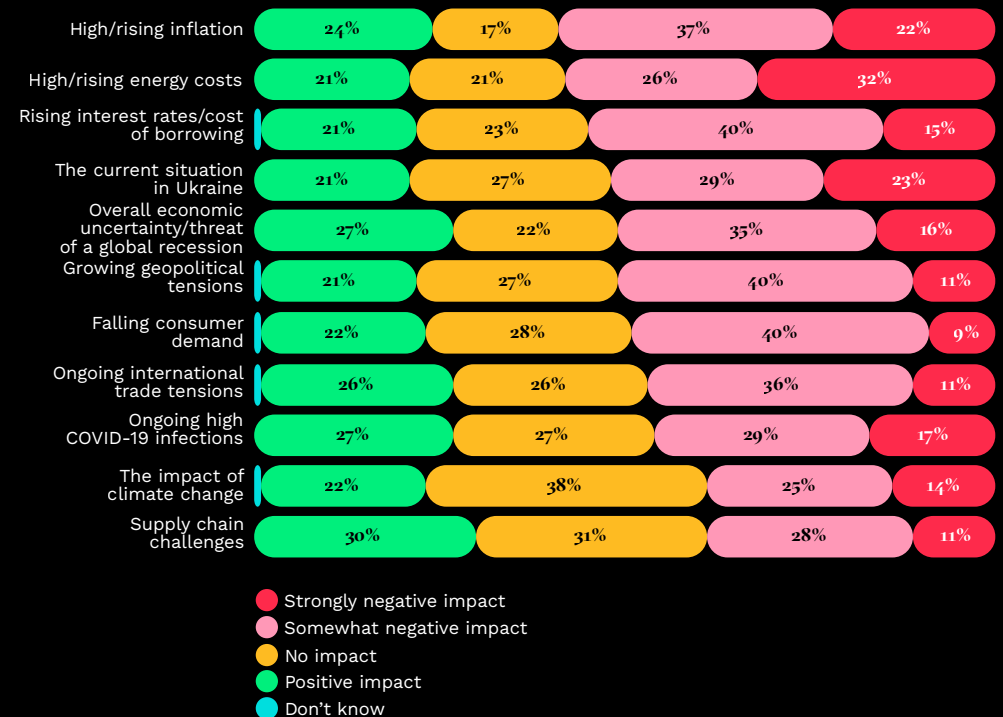
Business sentiment in the France consulting market

Growing economic pressures bring a tough end to 2022

- The last six months of 2022 proved bruising for many economies across Europe and North America, and our survey suggests that client organisations in France are feeling the effects.
- In particular, clients are worried by the negative impacts of rising energy costs, inflation, and rising interest rates. Each of these factors were flagged by 55% or more of clients who said they were negatively affecting their businesses.
- There are also high levels of concern around the continued impacts of the war in Ukraine and geopolitical and international-trade tensions. These factors are disrupting supply chains and increasing the cost of key goods. Clients remain on alert regarding these unhelpful business conditions, which will keep costs high and could lead to a recession.
- Firms must keep in mind the ongoing cost pressures when they are pitching for work. Clients will be looking for solutions that offer concrete, measurable returns and to help them realise savings.

Figure 6

To what extent have the following factors already had an impact on your organisation or are likely to do so over the next few months?



Implications for firms



Clients are clearly focusing on tech, and pre-existing relationships with firms are expected to produce speedier results

- Usage patterns confirm the heavy use of technology consultants over the past 12 months. The desire for quick digitalisation combined with the need for strategic input to see them through the current economic climate led clients to employ technology and business strategy firms. They also sought to improve their existing internal resources, leading to a growth in work around their data & analytics capabilities.
- If clients were making use of shortlists, they once again followed similar buying patterns, favouring large firms that they knew could provide both tech and strategy work at scale. Larger firms are therefore clearly benefitting from the desire by clients for speedy transformation, as clients are equating their size with a strong technology offering.
- Due to pre-existing client-firm relationships, some work is still being offered without an open tender. However, even when they do look elsewhere, the data shows that clients are overwhelmingly staying within the tech firm and Big Four spaces. So, there are opportunities, but chiefly within specific areas.
- However, even the firms that benefit from this should remain vigilant, as clients know that they will already have an understanding of their culture and staff and so expect them to provide speedier and more effective change. They must make sure they capitalise on their advantage.

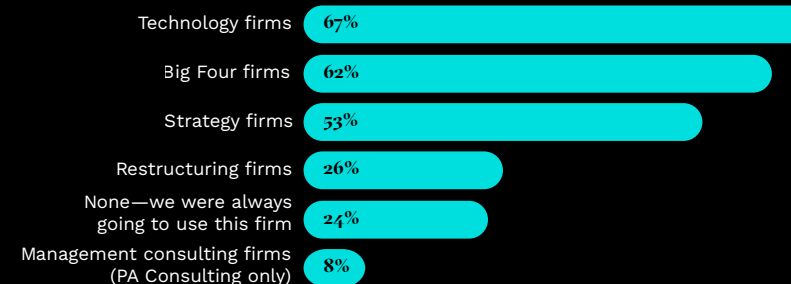
Figure 44

When your organisation used a firm in the past 12 months, what type of services were they used for?



Figure 45

Thinking about a project that a firm delivered/was hired for, do you know which other firms were shortlisted for this project?



Bertrand Baret, President & Managing Partner (France), Deputy Managing Partner (Europe West) – EY

“Digitalisation has been running the show, and will continue to do so going forward.”

“Just as we invested a lot in technology, we’re now also accelerating our investment in sustainability in every aspect of our service offering.”

“Overall, the market in France saw a strong performance, particularly for the energy sector.”

How did the market perform in 2022?

“Overall, the market in France saw a strong performance, particularly for the energy sector. However, the only sector that experienced project delays was the public sector, which grew less than expected. It was a very good year for us, witnessing significant growth. While some clients did cancel projects towards the end of 2022, we have seen clients start to reinvest in early 2023. In our opinion, the economy will grow in the second half of the year as the market picks up.”

What was growth like for digitalisation in 2022, and what are your expectations for it in 2023?

“Digitalisation has been running the show, and will continue to do so going forward. With regards to our own growth, much of the traction is coming from technology consulting. We strongly believe we need to master both technology and business issues to be successful in our market because they are interconnected. However, the real engine of growth is and will remain digitalisation.”

Has anything else been a major engine for growth?

“We’re also seeing sustainability consulting become a new engine for growth and believe that, as with technology, it will reinvent and shape consulting in the near future. Just as we invested a lot in technology, we’re now also accelerating our investment in sustainability in every aspect of our service offering. In particular, we’re doing a lot on sustainable supply chains, sustainable finance, sustainable risk, ESG reporting, green tech, green IT, and sustainable innovation. With the latter point, we’re expanding our capabilities—

including sustainable product and services design—across EY Consulting thanks to our acquisition of Fabernovel, the French leader in digital innovation, marketing, and design. Ultimately, we want to ensure that we capitalise on both engines of growth—digitalisation and sustainability—during the course of 2023.”

What has talent acquisition and retention been like for you throughout 2022?

“Attrition was higher than average post-COVID, but it has been decreasing significantly since mid-2022 to return to usual levels of around 20%. There seems to be less demand in the market now, with some smaller firms hiring less than before. We hire approximately 500 people a year, typically half of whom are experienced hires and the other half being more junior positions. Recruitment processes have become more demanding: for example, requiring more dedicated partner time to convince candidates. Nonetheless, we still manage to hire the key resources we need.”

About this report



Methodology—The MegaModel

MegaModel: Our global data model

The quantitative market data in this report comes from our unique model of the global professional services market. Rather than making high-level assumptions, this model has been built from the bottom up, sizing the market capability by capability—assessing how much work a firm earns delivering each professional capability within each sector and country. This results in a robust view of the size of the supply-side market, which can then be broken down to view the size of the market by country, sector, line of business, capability, and market segment.

For the purposes of this report, we've focused on types of firm and market segments that broadly equate to traditional definitions of consulting. Alongside this market segmentation, we also limit our market sizing and analysis to what we at Source call “big consulting”—work done by mid and large-sized firms (those with more than 50 people). Please note that we don't track the long, thin tail of work done by contractors and very small firms, as most readers of this report would not seek or be able to compete in this part of the market.

All of the data in the model is calibrated through extensive interviews with, and surveys of, professional services firms and their clients, allowing us to discuss broader trends in the market alongside detailed dimensions such as headcount. These interviews and surveys are supplemented with desk research, which allows us to assess the impact of wider macroeconomic trends on professional services. This, combined with our detailed modelling, results in a long-term view of the market that is able to support both historic and forecast data.

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

US dollar to British pound US\$1 = £0.80

US dollar to euro US\$1 = €0.94

The data in all charts has been rounded to the nearest whole number. This may result in some totals that do not equal 100%.

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”.

Client perspective

We carry out a client survey to help us build a rich picture of how different trends in France are affecting clients' organisations and their use of consulting. Our survey focuses on trends in France, providing detailed insights into the nuances of the market. For this, we surveyed 100 senior clients of consulting firms from across France, all of whom work in organisations with 1,000 or more employees. This survey focuses on the following areas:

- How they expect to use consultants during 2023 and the first half of 2024
- Factors that affect the way clients work with consulting firms
- The ways consulting firms market themselves to clients and the impact this has on client decision making.

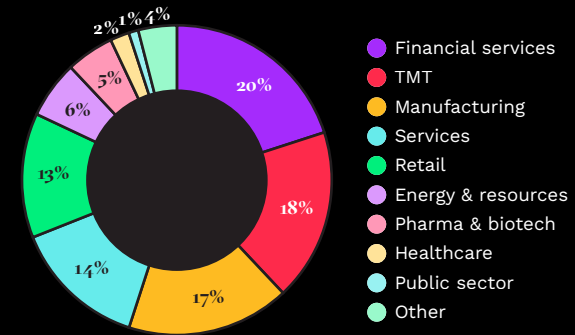
Insights from consultants

Throughout the year, Source analysts remain plugged in to the global consulting market through our bespoke research and consulting projects, adding further depth to our understanding of the consulting industry.

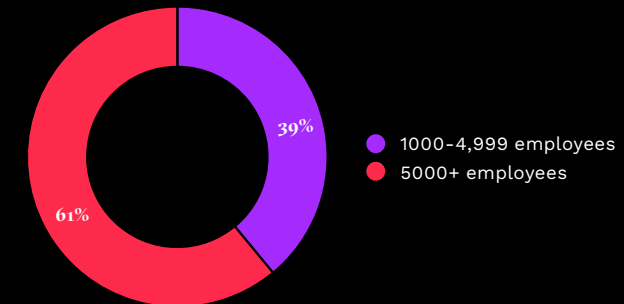
In-depth desk research

We also conducted a thorough PEST analysis in France 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.

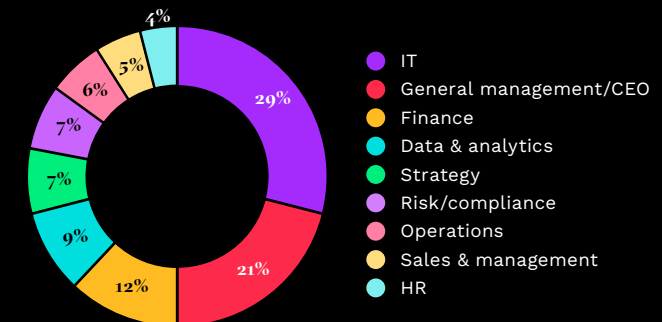
Respondents by sector



Respondents by organisation size



Respondents by function



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).

Name	Job title	Organisation
Bertrand Baret	President & Managing Partner (France), Deputy Managing Partner (Europe West)	EY
Philippe Clapin	Managing Director, France	Sopra Steria Next
Christophe Desgranges	Head of Strategy and Management Consulting	PwC
Bernard Dru	Managing Director	Protiviti
Jean-Francois Laget	Partner	Argon & Co
Matthieu Lemasson	Partner	PwC
Reza Maghsoudnia	Strategic Development Director	Wavestone
Nicolas Richard	Head of Advisory	KPMG
David Vidal	Managing Partner	Simon Kucher and Partners

Meet the expert

Joel Bradbury

Joel joined Source in August 2022 as a Writer/Analyst for the Market Trends team. Primarily, he helps to produce our Market Trends reports, providing incisive analysis to help professional services teams understand what they need to know to make informed and intelligent decisions.

Prior to joining Source, Joel worked as a research coordinator in a management consultancy, conducting work on industry futures for a wide range of sectors.

Joel Bradbury

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About us

We help professional services firms understand what really matters when facing decisions of vital importance.

The best decisions are based on evidence, objectivity, and a willingness to change. That's why, at Source, we tell you what you need to hear, rather than what you want to hear.

We draw upon our deep roots within the professional services sector to provide firms with a clear picture of their clients' worlds. Through comprehensive research and meticulous analysis, we pinpoint what truly matters and deliver actionable insights that help firms map out the right way forward.

We believe in thriving individually and succeeding together. And we would love to help your firm crack its latest conundrum.

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