

Report
Q2 2023

EXTRACT



MARKET

The DACH 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
Algeria
Angola
Argentina
Australia
Austria
Bahrain
Belarus
Belgium
Bosnia
Brazil
Bulgaria
Cameroon
Canada
Chile
China
Colombia
Côte d'Ivoire
Croatia
Cyprus
Czech Republic
Denmark
Egypt
Ethiopia
Finland
France

Germany
Greece
Hong Kong
India
Indonesia
Iran
Iraq
Israel
Italy
Japan
Kenya
Kuwait
Lebanon
Libya
Luxembourg
Malaysia
Mexico
Morocco
Myanmar
Netherlands
New Zealand
Nigeria

North Macedonia
Norway
Oman
Pakistan
Papua New Guinea
Peru
Philippines
Poland
Portugal
Qatar
Romania
Russia
Saudi Arabia
Serbia
Singapore
Slovakia
Slovenia
South Africa
South Korea
Spain
Sri Lanka
Sweden
Switzerland
Taiwan
Tanzania
Thailand
Tunisia
Turkey
UAE
Uganda
Ukraine
United Kingdom
United States
Venezuela
Vietnam
Zambia

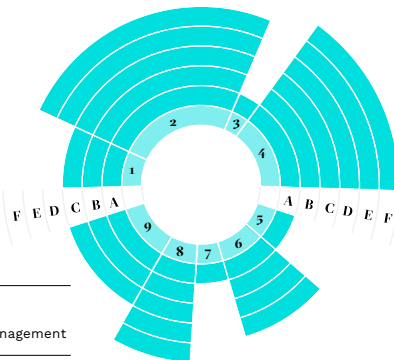
Sector model

Sectors

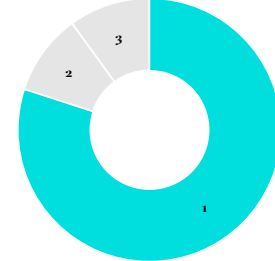
- 1 Energy & resources
- 2 Financial services
- 3 Healthcare
- 4 Manufacturing
- 5 Pharma & biotech
- 6 Public sector
- 7 Retail
- 8 Services
- 9 Technology, media & telecoms

Sub-sectors

- 1 A Energy
- 1 B Primary resources
- 1 C Utilities
- 2 A Banking
- 2 B Capital markets
- 2 C Insurance
- 2 D Investment and wealth management
- 2 E Private equity
- 3 A Healthcare
- 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)

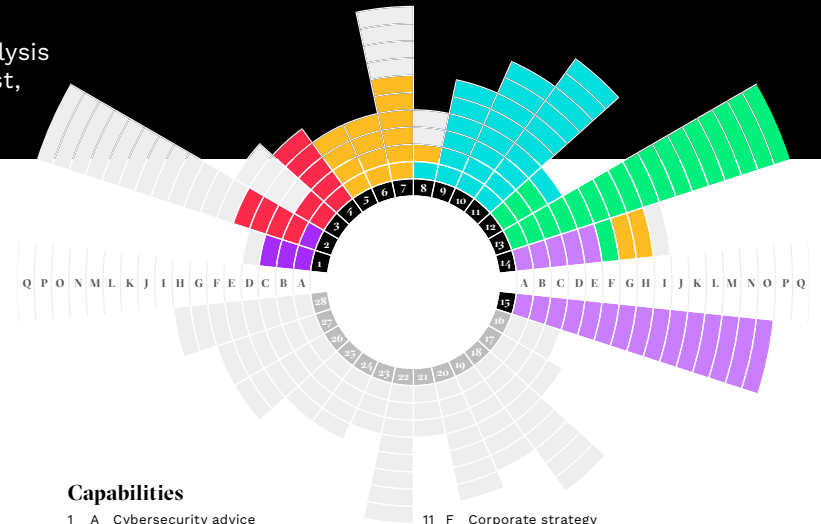
Line of business model

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

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What **really** **matters**

Two things for firms to act on

A large, bold, teal-colored number '1' is positioned on the right side of the slide, serving as a visual element for the first point.

Technology is a key client priority, and that's not likely to change anytime soon.

Both clients' current investments and future plans centre around technology. Why? To improve efficiency in their internal processes and customer interfaces, and to maintain a competitive advantage. And tech is not just a "nice to have": Almost all clients believe technology investment within the next three years is necessary in order for their business to survive.

A perfect storm of high demand for technology capabilities and a shortage of relevant skills, particularly in data & analytics and cybersecurity, is good news for consultants in the region. What's more, demand for support in this space isn't going anywhere. Clients anticipate spending in this area to continue for the next 18 months.

However, clients are not just focusing on new emerging technologies and large-scale digital transformations. Those with reduced business confidence in a turbulent macroeconomic climate are also seeking help to boost the productivity of their existing digital infrastructures. There is an opportunity for firms here if they can be flexible and tailor their offerings to clients' specific needs.

It's also worth noting that those needs don't just differ from company to company, but also, within a client organisation, from executive to executive. The IT function emerges as having distinct tech priorities, meaning it is key for consulting firms to have a variety of people in the room to meet each perspective.

Client perspective

3

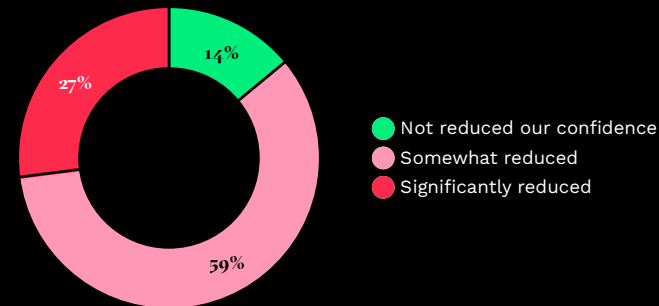
State of play

Client confidence in the DACH region is being undermined by global events, with international exposure and a lack of information causing concern

- With the continuation of the conflict in Ukraine, high energy costs, and inflation, it is no surprise that 86% of clients tell us their confidence about the future of their organisation has been dented—over a quarter (27%) significantly so. Switzerland stands out, however, with more clients here reporting a significant reduction in confidence, most likely as a result of the difficulties surrounding the banking sector at the time of this survey.
- The reasons for reduced confidence in the region centre around exposure to risk from clients' international operations and a lack of information about both the market and their operations. Despite finding solutions to international exposure being a long-term project, clients can gain greater market and operational knowledge as a first step, helping them better understand where their main risks are and how to mitigate them.
- Although somewhat more bullish than clients in Switzerland, it is also important to note that a quarter and a fifth of respondents in Austria and Germany, respectively, are still seeing significantly reduced confidence as an impact of the macroeconomic and political climate.

Figure 5

To what extent have the macroeconomic situation and political tensions impacted your confidence when thinking about the future of your organisation?



47%

of clients from Switzerland experience significantly reduced confidence

21%

of clients have reduced confidence because they don't have the right information to know how best to respond

21%

of clients have reduced confidence because they have extensive international operations

Insights from consultants



Volker Darius, Chief Client Officer, Global Leadership Team, Capgemini Invent

“From a purely economic perspective, the Ukraine conflict has probably had as harsh an effect on the economy as the chip crisis did.”

“ESG is gaining importance from both intrinsic motivation and regulatory pushes.”

“Overall, we’re seeing a slowdown in consulting demand and investment.”

How did the consulting market perform in 2022? Were there any key drivers?

2022 was a strong year overall. We saw the first signs of a recession in industries but not in their spending behaviour. Post-COVID, there were some supply chain interventions in 2022. We also had discussions with clients about how to deal with Ukraine, Russia, and China. These issues didn’t impact the consulting market very much, but they did impact our clients’ markets. From a purely economic perspective, the Ukraine conflict has probably had as harsh an effect on the economy as the chip crisis did. COVID did influence part of the year, but in H2, companies moved out of a purely reactive, perma-crisis mode and were more able to focus on strategy planning and execution. This shift required a different kind of consulting project.

Have you seen a strong push in ESG consulting?

ESG is gaining importance from both intrinsic motivation and regulatory pushes. At the end of 2022 and into 2023, we saw investments being made to fundamentally transform businesses and operations in line with ESG. We’re still at the starting point of this, but ESG will feature more prominently in the coming years.

Have you seen inflation and the cost-of-living crisis have an impact on the consulting market?

These topics affect our clients, so they affect us. High inflation brings strong pressure on wages and the cost-of-living, which significantly impact consumer behaviour. As a result, we’re seeing our clients make a new push for efficiency to compensate for costs.

Do you think this will continue to indirectly impact the consulting market in 2023?

Yes. Overall, we’re seeing a slowdown in consulting demand and investment. This doesn’t amount to a cut because we’re still growing, but growth is at a slower pace than in 2022.

Are there any specific services or sectors you foresee growing or suffering the most over the next 12 months?

Changes in consumer behaviour due to the cost-of-living crisis will lead to continued pressure on the consumer products, retail, and life sciences industries. Industries like manufacturing are continuing to invest, despite strong cost pressures. Pharma in particular is also thinking about how to invest smartly.

Would you say the recent turmoil with banks has unsettled the industry?

It occupies our minds because it occupies our clients’ minds, but I don’t see many big risks in terms of balance sheets in the DACH region. However, I do see a general risk for the industry in terms of technological disruptions, such as the rise of fintech/digital currencies, shifting consumer needs—e.g., rightfully demanding more socially conscious products/services which can lead to loss in reputation and market share if not met—and fraudulent consumer behavior leading to structural problems plus additional investment needs.

Is it relatively easy to hire the staff you need?

It’s easier now than it was in 2022. We’re also seeing candidate profiles that are stronger than ever.

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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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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Publication schedule for 2023

Reports 2023		Market Trends Reports	Market Trends Presentations	Client Perception Studies	Emerging Trends Programme	White Space
Q1	January	Forecasts for 2023 UK GCC France	India	UK US	Where in the World: Has hybrid working changed how clients think about the location of their consulting teams?	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.
	February			Germany Financial Services		
	March			GCC France Retail		
Q2	April	Nordics US DACH Sustainability Australia East Asia South East Asia		Australia Energy & Resources Technology, Media & Telecoms	Crisis Fatigue: How Much More Can Clients Take?	
	May			China Japan		
	June					
Q3	July	Africa Energy & Resources Financial Services Technology, Media & Telecoms	South America Healthcare & Pharma		Staff Augmentation: Focusing on the Opportunity	
	August			Risk Tax		
	September			Audit Technology	The Rise of the Technology Challenger	
Q4	October	Tax Risk Planning for Growth in 2024			Account Management Revisited	
	November					
	December					