

PRESS RELEASE

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Benelux consulting market closes in on €2bn landmark

- ***Luxembourg, the smallest market in the region, grew by an impressive 10.1 per cent to €216m***

The Benelux consulting market moved towards becoming a €2bn industry by growing 4.9 per cent to €1.9bn in 2015. Digitisation, which is becoming a major force across the Benelux region helped technology services grow the fastest - up 6.4 per cent to €701m.

These findings, which are published today (18th May 2016) in a new report from leading global consulting market analysts Source Global Research (Source) also found Belgium (up 4.1 per cent to €589m) and the Netherlands (up by 4.3 per cent to €1.1bn) both grew faster than in 2014. Luxembourg, the smallest market in the region, grew by an impressive 10.1 per cent to €216m, thanks in large part to demand coming from its robust financial services industry.

The report found that most consulting service lines enjoyed a very good 2015, with three of six major service lines performing ahead of the market. Technology saw the biggest growth, though clients' preference for working with firms they already know from ERP implementation projects gave those with a long history in the market a distinct advantage.

B.J Richards, Senior Editor at Source Global Research, said:

"Clients who had little or no interest in digitisation when it was primarily about customer-facing initiatives are now getting in on the action, eager to exploit digital's power to transform internal operations and make them more efficient. Data and analytics is also on the rise as clients are eager to make the most of all the new information that's suddenly at their fingertips."

EU regulations driving consulting demand in financial services...

In terms of industry sectors, financial services was the biggest and fastest growing consulting market in the Benelux region in 2015, growing 8.3 per cent to €578m, thanks largely to the weighty demands of EU regulations.

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David Kraushaar, Director at Grant Thornton Luxembourg added:

“The volume of regulatory requirements is not decreasing, but the EU Commission is discussing whether the huge volume of regulation in the last couple of years is having a negative impact on banks' competitiveness. There is a shared hope that the weight of new regulatory requirements will diminish.”

Renewable energy delays impact the energy and resources sector...

The Benelux energy and resources consulting market struggled last year, recording the smallest growth of any sector (1.4 per cent to €140m). A reduced cap on natural gas extraction made the Netherlands a net importer of natural gas for the first time, and opposition to windfarms has caused a number of clean energy projects to be delayed.

Martin Blokland, Consulting Leader NL at PwC said: *“Delays around renewable energy have caused low activities in the capital projects area in the Netherlands for a while; my hope is that it will pick up.”*

Breadth of knowledge benefits Big Four firms...

Benelux clients appreciate the global perspective and the broad and deep expertise that the biggest firms bring, and so it's not surprising that the Big Four firms are growing fastest, increasing their market share by 6 per cent to €690m. Smaller and mid-sized firms face a tough road, unable to offer the breadth clients want while competition from the region's enormous contractor market puts big pressure on prices.

B.J Richards concluded:

“Clients are carving up projects into smaller chunks and doling the pieces out to the huge number of independent contractors available in the Benelux market, in an effort to optimise each little bit. This puts enormous pressure on consulting firms to convey the superior value they can offer as they cannot hope to compete with contractors on price.

Benelux consultants have mixed views about their prospects for 2016, and although their clients say they're ready to spend and report a lot more enthusiasm for using consultants than last year, we expect another year of slow-but-steady progress ahead.”

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About Source Global Research

Source Global Research (Source) is a leading provider of information about the market for management consulting. Set up in 2007 and with offices in London and Dubai, Source serves both consulting 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](#). Joy Burnford was Marketing and Operations Director at the UK Management Consultancies Association between 2003 and 2010, and prior to that worked for PA Consulting Group and has extensive experience of marketing consulting services. For further information, please visit: www.sourceglobalresearch.com

Sources

This report is based on two major sources of primary data:

Clients of consulting firms:

Source interviews senior end users of consulting in the Benelux region to help it build up a rich picture of how trends in the consulting market are playing out within clients' organisations.

Source also carries out client surveys. This report is based on 52 senior clients of consulting firm surveys across the Nordics. The majority work for private sector organisations, many of which are multinationals. The majority work in organisations with revenues in excess of \$500m, and over 250 employees.

This 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 2016 and into 2017, 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 Source takes into account when forecasting future growth rates.

Consulting firms:

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 Source calls “big consulting”. It therefore reflects the “addressable” market for the majority of mid- and large-sized consulting firms.

Using this definition, Source has built a bottom-up model of the global consulting market from the information it gets from consulting firms and its own research, and Source uses it to size the industry and its growth rates. This is based on Source's 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 primary research carried out by Source analysts.

Please note that 2014 baseline figures have changed a little since last year, as Source has refined and implemented improvements to its research methods.

In addition to Source's quantitative research, it interviewed 25 very senior consultants (typically the most senior person in their country) from most of the leading consulting firms in the country 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.