

## **PRESS RELEASE**

**Date: 27<sup>th</sup> April 2017**

# **Technology helps Benelux consulting market break €2bn barrier but growth slows across the region**

- ***Smallest consulting market Luxembourg records strongest growth,***
- ***Questions remain about the viability of the region as a standalone market***

Demand for technology consultants (up 5.3 per cent to €741m) helped the Benelux consulting market break the €2bn barrier for the first time in 2016, but questions remain around its viability as a standalone consulting market after growth slowed from 5 per cent in 2015 to 3.6 per cent in 2016.

These findings are published in a new report from the leading research and strategy firm for the global management consulting industry, Source Global Research. The report found Luxembourg, the smallest market in the region fared the best, expanding by 4.9 per cent to €228m, driven by a large financial services consulting market.

While the consulting market in the Netherlands experienced growth of 3.3 per cent to €1.18bn, there was a general acknowledgement that growth was hard won. Belgium also recorded modest growth of 3.6 per cent to €610m in 2016.

The Source report says that client confidence, dented by global instability and lacklustre economic performance, was partly to blame for the slow growth. Jan van der Oord, Partner at A.T. Kearney added: *“In 2016, clients were a bit more hesitant than in 2015 or 2014. With more turmoil in the market, it took them longer to decide what they wanted to do.”*

But, for all its challenges, the report points out that there are opportunities to be had in Benelux. 2016 was the year when interest in digital initiatives became really mainstream, with significantly increased take-up on the part of clients. There were also new types of initiatives around robotics and AI.

Zoë Stumpf, Head Analyst at Source Global Research said:

*“Digital now being mainstream across the Benelux consulting market is good news for consultants, but digital demand is yet to really become the widespread driver of holistic change it is elsewhere in the world. 2016 was also a year where clients across Benelux had an overwhelming focus on more tactical initiatives. The approach to regulation in the region was a prime example, with clients limiting themselves to simple compliance rather than using it as a platform for transformation.”*

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On the increasing interest in robotics and AI, Mark Hofland, Capgemini Consulting's Deputy CEO of the Netherlands, added: *"Most clients think about how they can apply robotics to be more efficient. Potentially, it means fewer risks, more stability, more efficiency, and futureproofed processes. It's the old trick of increasing productivity. It's not a fundamentally new area of consulting. Its operational improvement but by different means."*

### **Financial services outperform the rest of the market**

From an industry-perspective, 2016 was a mixed picture for consultants in Benelux. Financial services, the largest consulting industry in the region, provided consultants with another year of good growth – up 6.1 per cent to €617m in 2016. This demand was largely driven by continued high levels of regulation, as well as the need to respond to digital disruption, especially in the larger banking and insurance sectors. Healthcare and pharma & biotech also grew reasonably well, driven by a combination of regulatory, cost, and digital factors.

Joost Loves, Managing Director, Synechron, commenting on performance in financial services, said: *"The MiFID regulation has delivered a big boost to our revenues. It has a huge impact on the banking industry and means we can also deliver business process optimisation, new systems, functionality, and new operating models. The spin-off projects from our core MiFID work have been considerable."*

Zoë Stumpf from Source concluded:

*"Consultants have mixed views about how the 2017 market will shape up. With continued slow economic growth against a backdrop of global instability, 2017 is likely to be another year of slow growth—but growth all the same. We continue to expect strong activity around the quest for efficiency, with a growing reliance on digital, robotics, and AI supporting wider back-office changes."*

For more information on Source reports contact [alice.noyelle@sourceglobalresearch.com](mailto:alice.noyelle@sourceglobalresearch.com) or telephone +44 (0)20 3795 2668/ visit [www.sourceglobalresearch.com](http://www.sourceglobalresearch.com).

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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. Source 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. 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](#). For further information, please visit: [www.sourceglobalresearch.com](http://www.sourceglobalresearch.com)

### **About this Source Global Research report**

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

#### **Clients of consulting firms:**

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

Source also carries out client surveys. It surveyed 50 senior clients of consulting firms across the Benelux. The majority (90%) work for private sector organisations, many of which are multinationals. The remaining 10% work in various public sector organisations. All work in organisations with over 250 employees.

The 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 2017 and into 2018, 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 call “big consulting”. It therefore reflects the “addressable” market for the majority of mid- and large-sized consulting firms. Source doesn'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. Source 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, 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 then uses it to size the industry and its growth rates. This is based on the Source 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.

In addition to its quantitative research, Source interviewed 17 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 its bespoke research and consulting projects, adding further depth to its understanding of the consulting industry.