

PRESS RELEASE

Date: 10th October 2017

Brazil's consulting market experiences another difficult year

Brazil's consulting market experienced another difficult year in 2016 – growing only 0.1 per cent to reach a value of US\$1.18billion.

These figures are published in a new report (10th October 2017) by Source Global Research, the leading research and strategy firm for the global management consulting industry. The report says that beneath the flat market lay performances by individual firms that varied quite widely, but despite this, few are likely to look back on 2016 with fond memories.

With Brazil continuing to experience what many describe as the worst economic crisis in the country's history, clients are absorbed in the issue of keeping afloat, so those consulting firms able to offer operational improvement and cost reduction services were the ones that performed more strongly. Price pressure remained a significant feature of the market, and as a result, consulting firms were forced to cut costs internally to cope with a widespread reduction in fees.

The report says that despite all the issues affecting Brazil, firms continue to recognise that it remains the most important market in Latin America, and that it is vital to have a presence in Brazil, as its geographical position at the heart of the region also makes it a useful jumping off point from which to tackle surrounding countries such as Colombia, Argentina, and Peru.

Using the biggest and most sophisticated [model](#) of the global consulting industry, Source also found that 2016 was the year when interest in digital really started to take off in Brazil, as clients recognised its potential to improve their businesses. One of the biggest areas of interest in digital take-up is in its potential to cut costs and improve efficiency, with significant interest in data & analytics. However, interest in digital is, in the main, more talk than action, though consulting firms are working hard to ready themselves for expected growth in this market.

More./...

2./...

Zoë Stumpf, Head Analyst at Source Global Research said:

“Given the challenging economic and political conditions, it’s no surprise that performance across many industry sectors and service lines was sluggish. 2016 saw most clients concentrate on getting on with the here and now, with a good proportion of demand stemming from initiatives focused on improving productivity, ensuring slightly higher than average performance in the operational improvement service line.”

Wladimir Constante, Executive Vice President – Client Delivery Brazil, at Alexander Proudfoot, added: *“Clients needed help with efficiency, cost reduction, and operational improvement work and that generated large, profitable contracts for us. As a result, we performed very well in 2016.”*

With things starting to look up for the Brazilian economy during 2017, the Source report says that most consulting firms are cautiously optimistic about their prospects for growth. Increased digital take-up is likely to help with this, though there are some concerns that the election in 2018 could be a destabilising factor.

For more information on Source reports contact alice.noyelle@sourceforconsulting.com or telephone +44 (0)20 3178 6443 or visit www.sourceforconsulting.com.

-ENDS-

For further information about this press release, please contact:

David Pippett, DWP Public Relations
Tel: +44 (0)1225 335675/+44 (0)7899 798197
Email: david@dwppublicrelations.co.uk

Edward Haigh, Director, Source Global Research
Tel: +44 (0)7912 516913
Email: edward.haigh@sourceglobalresearch.com

Notes to the editors:

About this Source Report:

This Source report is based on quantitative and qualitative research of consulting firms in Brazil. 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 do not 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 its 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 they use 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.

Source would like to emphasise that there are no standard sources of definitions of data within geographies let alone between them. They are, however, confident that the richness of their qualitative data, combined with Source's unparalleled industry expertise, means that this analysis fairly and accurately reflects the state of the market.

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 \$1 = £0.74

US dollar to euro \$1 = €0.90

In addition to Source's quantitative research, they interviewed 15 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 their understanding of the consulting industry.