

PRESS RELEASE

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Modernising Canada's banks and insurance providers drives up use of consultants

- **Canada's consulting market approaches \$4bn landmark (\$3.91bn)**
- **Digital transformation work almost quadruples its market share in one year**
 - **Healthcare market—the star performer for consulting work**

Rising profits and increased disruption drove up the use of consultants across Canada's financial services sector in 2017 as banks and insurance providers overhauled legacy IT systems—partly driven by the government's payments modernisation initiative. Work in financial services now accounts for almost a third of all consulting revenues in Canada.

With strong demand in financial services, and with every industry sector increasing its use of consultants, Canada's wider consulting market enjoyed healthy growth of 4.9 per cent to \$3.91bn in 2017. As companies across the economy invested more heavily in new technology solutions, the share of consulting work related to digital transformation projects rose rapidly—almost quadrupling in size in 2017.

These figures are published today (26th June 2018) in a new report from the leading research and strategy firm for the global management consulting industry, [Source Global Research](#). The Source report also found that the predominantly public sector-funded healthcare market was the fastest growing for consulting work in 2017. Healthcare providers called on consultants to help them deliver better quality services and reduce operational costs. This need inspired many clients to pursue a complete overhaul of IT systems so that new services such as e-prescriptions could be delivered.

Linda Williams, Canadian Advisory Performance Improvement Leader at EY, who was interviewed for the Source report, said: *“Healthcare is once again a star sector this year, as it was last year, specifically in the public sector. There's a lot of demand to redirect cost toward modernising service to Canadians.”*

Edward Haigh, a director at Source Global Research, said:

“Canada has been trailing behind the most advanced markets in terms of digitisation, but in 2017, we saw digitisation make significant advances here. This shift has been driven by increasing disruption from digital leaders—both foreign and domestic—and a pressing need to replace creaking legacy systems. At the same time, increasingly attractive new-technology use cases pouring in from other markets—especially the US—served as a powerful pull, helping to drive digital transformation projects.”

A positive year for public sector consultants

2017 was also a positive year for consultants to Canada's public sector. The Source report says that while confidence in Prime Minister Trudeau's liberal administration is part of the reason behind this, once again, an efficiency-inspired digitisation agenda is the main reason consultants experienced greater demand through the year.

At the federal end, the largest projects focused on migrating clients away from legacy IT infrastructure to more efficient and more agile cloud-based platforms. On the municipal side, there was a greater focus on immediate cost savings, particularly through the use of automation in back-office functions.

Consulting arms of accounting firms grow the fastest

2017 was another very good year for the consulting arms of accounting firms—dominated by the Big Four—which once again grew faster than the overall market and faster than any other firm type¹. With growth, efficiency, and the need to get to grips with digital all high on clients' agendas, the ability of these very large firms to offer a wide and deep solution set made them a safe choice for clients unsure of where best to turn for support.

Edward Haigh added:

“The growing popularity of asset-based solutions, and exploratory steps into managed services, have also benefited Big Four firms that have been able to leverage developments in other markets to bring a mature suite of offerings to clients in Canada. Those firms that have been able to overcome internal silos and bring all of their solutions to bear to deliver a truly joined-up offer to support transformation opportunities have performed particularly well.”

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Notes to the editors:

About Source Global Research

Source Global Research (Source) is a leading provider of information about the market for management consulting. Set up in 2007 with a London office, Source serves both consulting firms and their clients with

¹ This figure refers to what Source calls Type A firms—firms that do audit alongside consulting—which includes firms other than the Big Four, although in reality the Big Four account for the overwhelming majority of this part of the market.

expert analysis, research, and reporting. Source draws not only on its extensive in-house experience, but also on the breadth of its relationships with both suppliers and buyers.

The Source [global consulting data model](#) is the biggest and most sophisticated model of the consulting industry ever created, and the model on which many of the world's leading consulting firms now base their understanding of the size and shape of the consulting industry. It provides data on market size, growth rates, and forecasts across 29 sectors, six service lines, 84 countries and five firm types.

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](#).

The Source Report

This Source Global Research report is based on quantitative and qualitative research of consulting firms in Canada. This includes:

Megamodel: The Source global consulting data model

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 don'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 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 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 comprehensive primary research carried out by Source analysts.

Please note that our 2016 baseline figures have changed a little since last year, as Source have refined and implemented improvements to its research methods.

Source should emphasise that there are no standard sources of definitions of data within geographies let alone between them. We are, however, confident that the richness of the qualitative data, combined with Source's unparalleled industry expertise, means that this Source analysis fairly and accurately reflects the state of the market. All figures given in this report are in US dollars. For reference, Source is using the following exchange rates in its reports this year:

US dollar to British pound \$1 = £0.78

US dollar to euro \$1 = €0.89

Client view

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

Source also carry out client surveys. It surveyed 50 senior clients of consulting firms across Canada. The majority (92%) work for private sector organisations, many of which are multinationals. The remaining 8% work in various public sector organisations. All work in organisations with 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 2018 and into 2019, 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.

Interviews with senior consultants

In addition to quantitative research, Source interviewed 11 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.