

PRESS RELEASE

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Five-year high in business confidence helps drive work for French consultants

- ***French consulting market grows three times faster than economy***
- ***Fastest growth recorded for consulting market since the onset of the global financial crisis in 2008***
- ***AI and robotics starts to play a role in regulatory reporting***

The French consulting market performed strongly in 2016, up 4.2 per cent to €4.3billion, meaning it grew three times faster than French GDP. This is the fastest growth rate since the onset of the global financial crisis in 2008.

Growth was fuelled by a buoyant financial services sector, which outperformed the wider market, increasing 7.1 per cent to €1.3billion. This sector is now almost double the size of any other market for French consultants. Regulation, cost pressures, digital, and innovation all had their part to play in 2016's strong growth.

The report from the leading research and strategy firm for the global management consulting industry, Source Global Research, says that financial institutions are particularly turning to consultants to help ease the regulatory burden and lower the cost of compliance, and for the first time, consulting firms are deploying digital and robotic technologies to make reporting more efficient - an evolution set to continue throughout 2017.

Frédéric Solvet, Partner, PwC, added:

“Financial services is booming. Despite our firm auditing many of the large banks in France, we still saw an impressive growth rate in this sector.”

Alongside financial services, retail (up 6.2 per cent to €342million) and pharma & biotech (up 5.7 per cent to €55million) both had transformation as a common theme—and digital technologies were typically at the heart of this work. Clients in these sectors ramped up their focus on innovation and customer-centricity, leading to a plethora of opportunities for consulting firms. In particular, French retailers have woken up to the threat posed by digital natives such as Amazon, and the retail market started to take the changes needed much more seriously.

Domenico Azzarello, Managing Director, Bain & Company, added:

“Retail exploded this year. We saw double digit growth. It's not only because of the strength of the local market— France leads in terms of competency within the industry in Europe.”

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Digital change keeps technology and strategy consultants busy

Work around digital change is continuing to keep lots of technology and strategy consultants busy. The market for technology consultants grew 4.7 per cent to €1.45billion whilst strategy work grew 4.4 per cent to €728million. The reports says that as clients look to digital to provide agility and the ability to ensure speed of delivery, there's a growing willingness to embrace things like AI and robotics as part of the solution.

Anne Bioulac, Senior Partner, Roland Berger, added:

"AI is becoming quite the buzzword as clients are looking to take advantage of all the best new technologies and include them in their global market strategy."

Risk was hot in 2016

The Source report also reveals that the market for risk & regulatory work expanded rapidly in 2016 – up 6.2 per cent to €593million - as clients in many industries felt swamped by compliance.

Rachel Duk from Source Global Research added:

"A more exciting area of opportunity in risk work is cybersecurity. This is a service growing so quickly that the market is struggling to keep pace with relentless client demand. Following a rising number of cyber-attacks, the issue has been a priority for the French government, who announced a new national cybersecurity strategy at the end of 2015."

Thirst for international expansion favours larger consulting firms

The report also found that a thirst for international expansion continued to intensify, as clients sought an escape from the uninspiring domestic economy. Overall, these ambitions favoured larger consulting firms that could leverage their own global footprint to advise clients on market entry with authority. For instance, work for Type A firms, largely made up of the Big Four firms, grew 5.4 per cent to €1.1billion. The report says that audit rotation was a mixed blessing for these firms. For some it curbed activity and restricted their growth in particular sectors, but for others new opportunities opened up as audit contracts ended.

B.J. Richards from Source concluded:

"2017 is set to see continued high levels of interest as even more clients come to embrace what digitisation has to offer. Furthermore, as we've observed in markets that are further ahead in their digital journeys, this initial wave of work can be expected to quickly lead to further investments as clients are impressed with early results and look to move deeper into digital transformation and adopt even more advanced technologies."

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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 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

The Source French Report

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

Clients of consulting firms:

Source interviewed senior end users of consulting in France 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 433 senior clients of consulting firms across France. The majority (98%) work for private sector organisations, many of which are multinationals. The remaining 2% work in various public sector organisations. The majority (88%) work in organisations with revenues in excess of \$500m, and all have over 250 employees.

The Source 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 we take 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 certain 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 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.

Please note that Source's 2015 baseline figures have changed a little since last year, as research methods have been refined and improvements implemented.

In addition to quantitative research, Source interviewed 18 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.