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Global healthcare ramps up spend on consultants to over \$9bn

A rise in digital projects has been a significant driver in global healthcare organisations ramping up their use of management consultants – increasing 8.4 per cent to \$9.4bn in 2016.

While the move towards digital has led to technology consulting becoming the fastest growing consulting service line in 2016, the ever-present challenges of regulatory compliance ensured that the risk & regulatory service line experienced the second-fastest growth.

These findings are published in a new report from [Source Global Research](#), the leading research and strategy firm for the global management consulting industry. Source says that the adoption of new digital back-office solutions and customer-facing applications rose further up the agenda as healthcare organisations continued a largely piecemeal approach to digital transformation.

The Source report says that when it comes to digital, some clients have started to move beyond simply implementing new systems and are looking to consultants to advise on how best to protect the ever-growing volume of data they can access and how to harness it to grow their businesses and improve patient care.

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

“The ongoing rise of digitisation in the industry continued to provide a wealth of opportunities for consultants. Ongoing pressures to improve efficiency and cut costs drove work in other areas, too, including demand in some markets for help transitioning from a fee-for service model to value-based healthcare. While efficiency and cost-cutting have been at the top of the agenda for several years now, initiatives gained momentum in 2016, providing further opportunities to consultants.”

William Hinde, Senior Director and Practice Lead – Healthcare Strategy and Solutions, West Monroe, added:

“Healthcare clients have been behind the curve in new technologies compared to other industries; it's an encouraging sign that we are now seeing increased interest in robotics and AI and how these innovative areas may improve quality of care and cut costs.”

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Using the biggest and most sophisticated [model](#) of the global consulting industry, the Source report also reveals that China was the fastest-growing healthcare consulting market in the world – well ahead of the second fastest-growing market – the Nordics. Strong but more modest growth in the US market meant that it remained the world’s dominant healthcare consulting market, accounting for nearly three-quarters of the value of consulting revenues from the industry.

Repeal of Affordable Care Act

The potential repeal of the Affordable Care Act remained a hot topic of conversation in the healthcare industry, both in and outside of the US. Uncertainty over the future of US healthcare policy saw demand in that region slow in 2016, as clients delayed projects, including those requiring consulting support. But with no further clarity on the future of the ACA a year after the election of President Donald Trump, clients are now moving ahead with a focus on those projects less likely to be affected by any changes to the ACA, with consultants benefiting as a result.

B.J. Richards concluded:

“Consultants we spoke with were optimistic about the future of the healthcare consulting market. While 2016 had its challenges, the pace of change in the industry in 2017 and 2018 is expected to remain high as clients continue to adapt to the changing needs and demands of both regulators and patients.”

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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 its clients with 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](#).

All of Source's work is underpinned by its core values of intelligence, integrity, efficiency and transparency. For further information, please visit: www.sourceglobalresearch.com

The Source report:

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

Clients of consulting firms:

Source interviews senior end users of consulting globally 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 172 senior clients of consulting firms globally. All work in organisations with over 250 employees.

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 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 Source's own research, and this is then used 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.

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 = £0.74**
- **US dollar to euro \$1 = €0.90**

In addition to quantitative research, Source interviewed 35 very senior consultants (typically the most senior person in their country) from most of the leading consulting firms globally, 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.