

PRESS RELEASE

Date: 8th August 2016

Italian consulting market marginally outperforms GDP

Low prices are forcing consultants to shift to asset-based services

Despite expanding by just 1 per cent to €1.15bn in 2015, Italy's consulting market marginally outperformed the economy - which grew at 0.8 per cent.

These findings are published in a new report from leading global consulting market analysts, Source Global Research (Source). The report reveals price pressure continues to be a huge factor in the Italian market, and it shows no sign of letting up. In fact, some consultants told Source it's getting worse as clients grow accustomed to paying very little for consulting work.

This price pressure is forcing consulting firms to carefully consider what steps they can take to resist further erosion of their margins. For consulting firms, avoiding commoditisation is key, and firms are therefore working overtime to figure out how to differentiate themselves and their service offerings from the competition so as to justify a higher rate.

Danilo Viviani, President at Gruppo Coreconsulting commented:

"There's a very low price point at the moment, and this is constantly being driven lower. I would estimate that prices are around 35% lower than the EU average."

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

"To counter ongoing price pressure, consulting firms have begun exploring the possibility of adjusting their delivery models to better suit the low-price environment, and a shift to asset-based services could prove particularly fruitful."

But slow growth in the consulting market is also creating a unique set of talent challenges for consulting firms. When firms aren't growing, they can provide few opportunities for advancement, and so top talent in Italy is becoming frustrated. This is helping to fuel a trend of rampant turnover as consultants seek greener pastures elsewhere."

More./...

2./...

Low value consulting supports growth in financial services...

Financial services remained Italy's biggest buyer of consulting services in 2015, growing slightly above the market average at 1.6 per cent to €349m. However, the report states much of the work here is highly commoditised and consists of low-value regulatory implementation.

Manufacturing, the second largest Italian consulting industry, grew the fastest - expanding 2.6 per cent to €220m. The report says that this is partly because manufacturing clients are more interested in digitisation than other sectors.

Technology consulting grows twice as fast as the wider market...

Technology was the fastest-growing consulting service line in Italy in 2015, growing more than twice as fast as the overall market - at 2.3 per cent to €254m. Technology projects aren't confined to just new technology solutions, however, as clients continue to buy traditional IT. Unfortunately, the flip side of this demand in traditional IT is that many clients simply lack the budgets to do anything more exciting - like digitisation projects - which is capping growth for now. As the economy improves and clients find the means to make new investments, Source expects a much greater push toward digitisation and a related drop in legacy systems work over the next few years.

B.J. Richards from Source concluded:

"Consultants are largely optimistic about their prospects for the remainder of 2016, with most saying the market is looking up. Firms are investing in capacity and expertise, and so there's been a good level of M&A happening with much of the activity aimed at acquiring digitisation skills and capacity. Still, growth remains slow, both in consulting and in the larger economy, and so significant improvement in market conditions is probably still a few years down the road."

For more information on Source reports contact alice.noyelle@sourceglobalresearch.com or telephone +44 (0)20 3700 5462/ visit www.sourceglobalresearch.com

-ENDS-

For further information about this press release, please contact:

David Pippett, DWP Public Relations
Tel: 01225 335675 / 07899 798197
Email: david@dwppublicrelations.co.uk

Edward Haigh, Director, Source Global Research
Tel: 07912 516913
Email: edward.haigh@sourceglobalresearch.com

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

Sources

This report is based on quantitative and qualitative research of consulting firms in Italy.

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 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 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 the Source 2014 baseline figures have changed a little since last year, as Source has refined and implemented improvements to its research methods. Specifically, Source slightly understated the size of the public sector industry due to these changes in its research methodology.

Source should emphasise that there are no standard sources of definitions of data within geographies let alone between them. However, Source is confident that the richness of its qualitative data, combined with its unparalleled industry expertise, means that this analysis fairly and accurately reflects the state of the market.

In addition to quantitative research, Source interviewed 13 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.