

PRESS RELEASE

Date: 1st March 2016

UK consulting grows four times faster than the economy

Big Four expand their consulting arms to over £2.5billion in revenues...

UK consulting grew almost four times faster¹ than the economy in 2015 - up 8.2 per cent to £6.79billion. The Big Four outperformed the market - growing 11.5 per cent to £2.55billion².

Financial services remains the biggest market for UK consultants and one of the fastest growing, up 14.3 per cent to £2.2billion. The pharma & biotech consulting market, though much smaller, is growing even faster, up 14.6 per cent to £238million. These two fastest-growing markets being in heavily regulated industries has been good news for risk and regulatory consulting, which has become by far the fastest growing service line in UK consulting – up 11.7 per cent to £507million.

These findings are published today (1st March 2016) in a new report from Source Global Research (Source). The report says that the Big Four remain particularly well situated to win risk and regulatory work as big names carry a lot of weight with the regulator. Cybersecurity is also having a huge impact on risk consulting with some firms reporting 40 per cent growth in this sub-service last year.

Fiona Czerniawska, Director and Founder of Source Global Research, said:

“The UK consulting market has seen strong growth across the board, but once again it’s the Big Four that have risen to the top. This is largely because clients recognise the scale and scope they can bring to bear, though inorganic growth also plays a big role. A busy regulatory environment, especially in financial services, has further served to bolster the Big Four’s position.”

Digitisation boosts tech work

The report also found that technology consulting is the largest service line – growing by 8.7 per cent to £2.69billion. Much of this growth is owing to digitisation, which really took off in 2015 as clients moved from analysing digital’s impact to designing and implementing real-world solutions. The front office is driving activity, with clients eager to use digital to build stronger customer relationships. However, the report says that digitisation of the back office is beginning to look like the bigger opportunity.

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¹ GDP growth 2015 2.2 per cent – Office of National Statistics

² This figure refers to what Source calls Type A firms – firms who 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.

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In contrast to the great enthusiasm around digital solutions, organisations are increasingly viewing older legacy systems as millstones around their neck, and any decision to spend money on their upkeep is being made grudgingly.

Strategy bounces back

2015 also saw strategy consulting enjoy a good year, up 8.2 per cent to £1.57billion in continuation of an upswing that began in 2014. The report says the strength of strategy consulting is largely owing to new product development and expansion into adjacent markets, including new geographies. Poorer-than-expected economic performance in China together with a slowdown among the remaining BRICs meant many companies have had to rethink their geographic targets - or at least work out how the changing economic fortunes of these market's affects them.

Rising consumer expectations drives retail work

The retail industry also hit double digit growth - up 10.5 per cent to £274million. The report explains that UK consumers have steadily had their expectations raised since Amazon made its first delivery, and now they expect a plethora of conveniences ranging from same-day delivery to multiple channels with identical (and exceedingly high) levels of service across all. UK retailers also have to turn to innovative practises and a greater use of digital in order to clear the ever-rising bar, and they're keen to learn from the best of what's available in Silicon Valley.

Things are brightening up in the public sector

Public sector work also increased in 2015 - up 3.7 per cent to £1.25billion. The strong degree of consultant disgruntlement seen in recent years, which often attributed to a lack of work, messy procurement processes, and rock-bottom prices, now appears to be giving way to enthusiasm about increasing volumes of work. This is particularly true among Big Four and technology firms.

Nigel Slater, UK Head of Management Consulting, KPMG, said:

"We're starting to see different thinking around government, particularly when it comes to working across departments and applying private sector thinking to issues such as service delivery and underlying technology investments."

The future

The Source client survey, which forms part of the UK report, revealed that about two-thirds (65 per cent) of UK clients expect their consulting spend will increase over the next 18 months, which is a 5-point improvement over last year's number.

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However, Fiona Czerniawska at Source adds that the picture is less positive with larger clients with at least 5,000 employees, by saying:

“If you look at the biggest clients in our survey, the picture is slightly less rosy. Only 52 per cent of these say their spending will increase. That’s nothing to sneeze at, but it is perhaps a sign that those with their finger on the global economic pulse are feeling a little less confident going into the year.

If you are a consultant working in the pharma & biotech sector, we anticipate you’ll have a very good 2016. In fact, this sector is expected to outperform all other sectors with an estimated growth rate of 16 per cent.”

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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. We 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