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European Federation of Management Consultancies Associations
Fédération Européenne des Associations de Conseils en Organisation

Survey of the European Management Consultancy

2017 | 2018



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Survey of the European Management Consultancy **2017 | 2018**

December 2018

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Introduction by the FEACO Chairman

It is my pleasure to introduce the 2017/18 edition of the survey for the European Management Consultancy Market. It shows that our industry achieved solid growth in terms of turnover and highly skilled employment, across all the 12 countries considered.

Technology consulting and Operations consulting are driving this positive trend as consulting firms have taken a leading role in bringing forward processes of digital transformation. The two “classic” pillars of the Management Consulting industry – namely Strategy and People & Change – while growing slightly in absolute terms, are facing a decline in market share, confirming a strong shift in the priorities of clients. The Service Industries, particularly Financial Services, are the major buyers of consulting services – in many cases related to digital transformation projects. Also the Manufacturing Sector has grown to a relevant extent, especially with respect to Industry 4.0 initiatives. The good news is that after several years of continuous decline, consulting addressed to the Public Sector is the fastest growing client industry, even though the share of this consulting remains significantly lower than its weight in the European GDP.

The impact of digital transformation, while very positive in terms of growing opportunities, appears challenging for management consulting companies both in terms of talents and competition. The need to acquire new capabilities in the digital domain is key for management consulting firms to be competitive in digital transformation projects. The so-called “war for talents”, where the consulting companies are fighting, among themselves and with leading players in the new economy, to recruit high potential, new graduates, is greater than forecasted in many European countries. Moreover, new competitors, mainly with an IT background – both established players and start-ups – are entering this market looking at digital transformation projects, often proposing

new business models.

This means that the Consulting industry is facing an even more competitive and selective market scenario, with higher requirements both with regard to competencies and to capital than there used to be years ago. Such new requirements are putting under pressure those consulting companies that might lack the resources to remain competitive in such a new scenario, creating a “digital divide” among players that can take advantage of the increasing demand for digital transformation projects and those that can only compete on the more traditional projects.

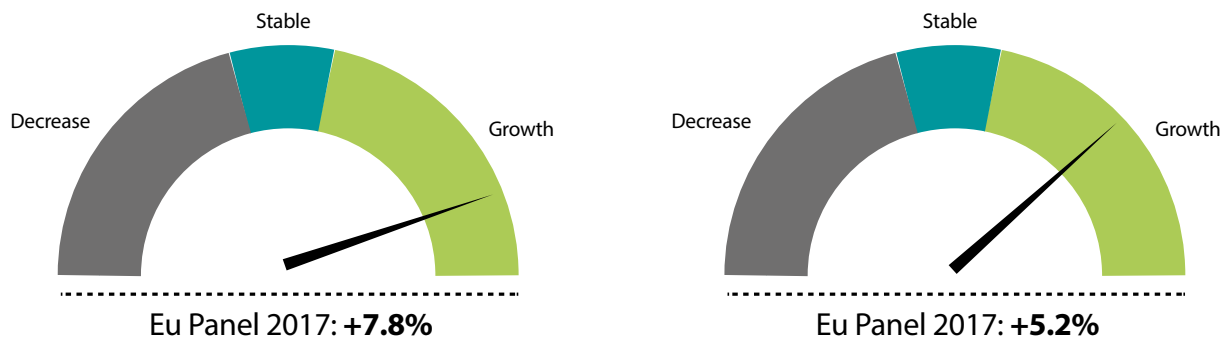
Within this general context, my second term as Chairman has come to an end in October 2018. It has been for me an honour and a pleasure contributing to the success of the Federation in its leading role of developing, representing and supporting European management consulting. I extend my gratitude to the members of the Executive Committee working together with me. FEACO offers a unique framework for exchange and benchmarking for European consultancies and will continue to use research activities and networking to promote our industry. Let me express my best wishes to Eric Falque, newly elected as FEACO Chairman, to continue with momentum towards new goals in facing the many opportunities – as well as the many challenges – in the coming years.



Ezio Lattanzio
FEACO Chairman

A handwritten signature in black ink that reads "Ezio Lattanzio". The signature is fluid and cursive, written on a white background.

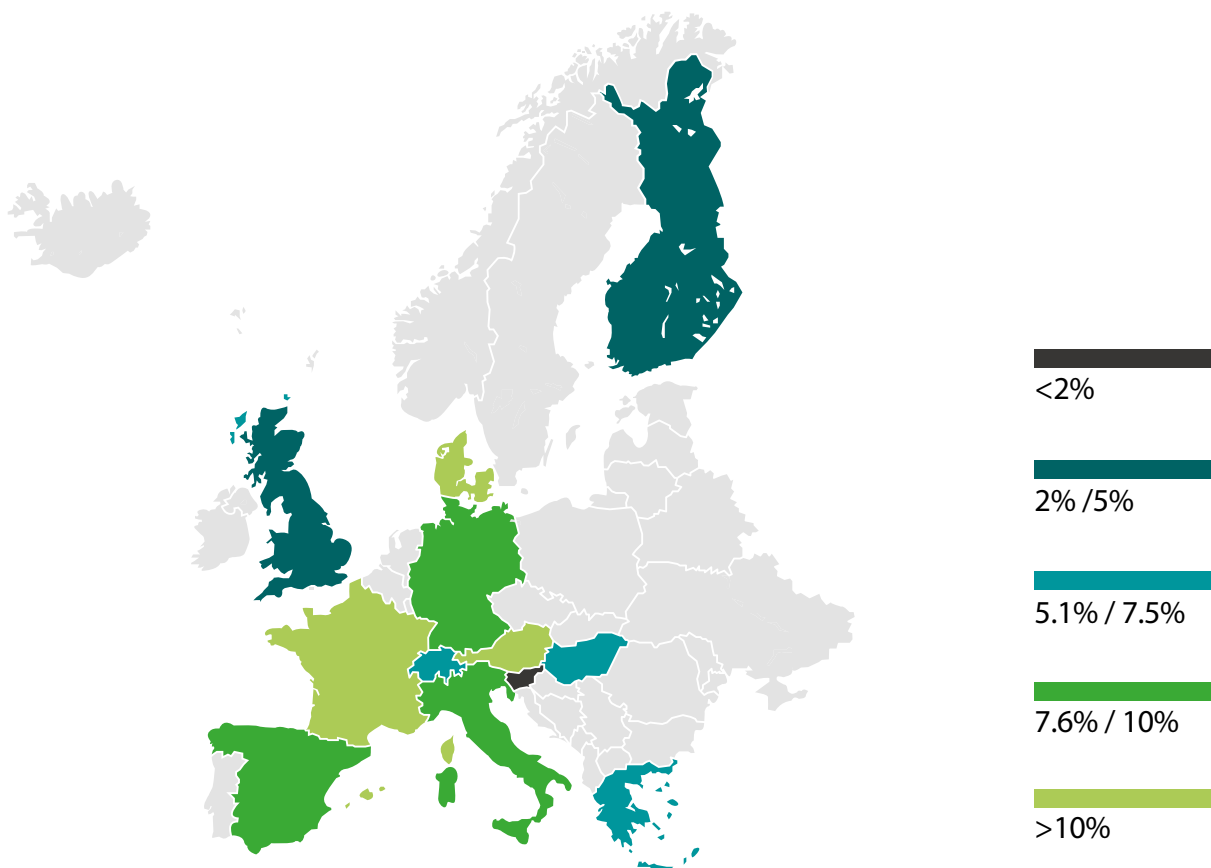
Management Consulting industry at a glance



In 2017 the Management Consulting industry has grown substantially in terms of turnover (+7.8%) and employment (+5.2%)

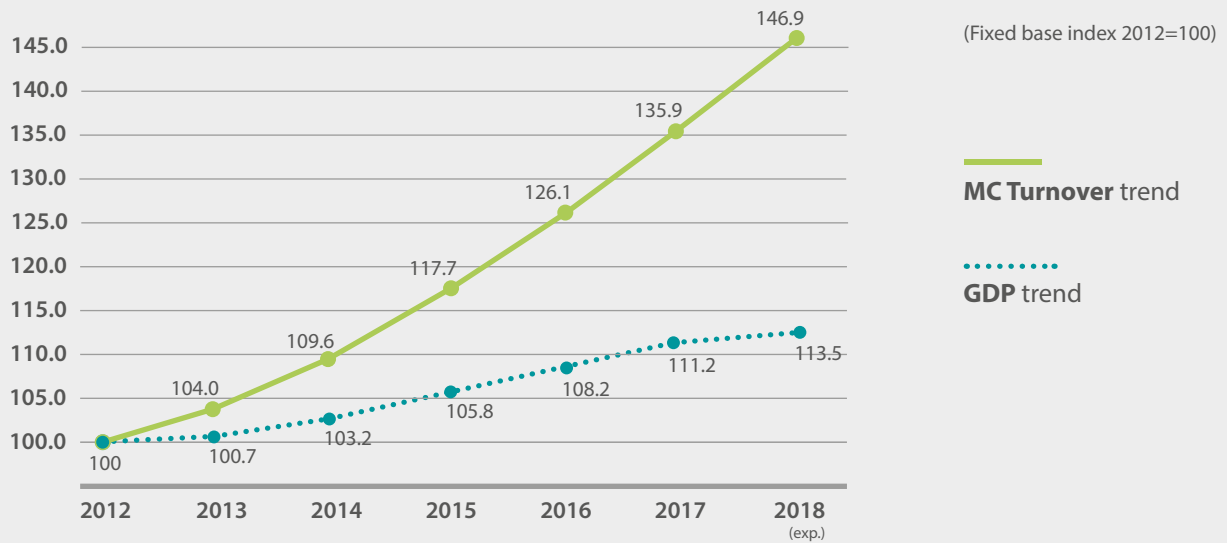
With a quite balanced growth all over Europe where – with the exception of Slovenia – MC turnover has grown between 4% and 12% in all countries

MC Turnover growth rate in 2017



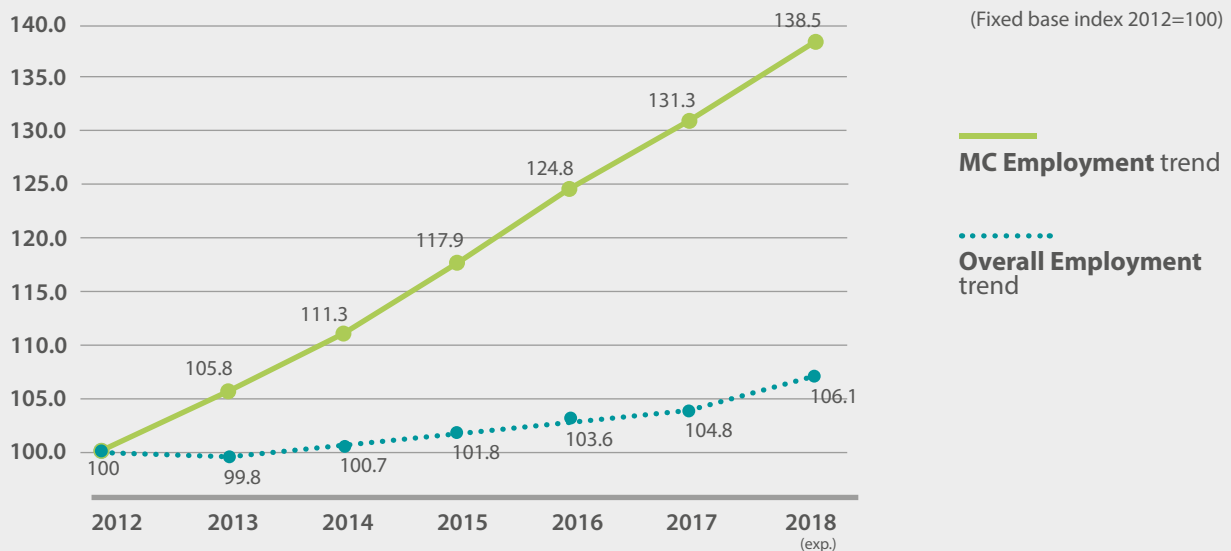
Management Consulting is a driver for the overall European economy

European panel - MC Turnover and GDP



In the past three years European MC turnover has been growing on average **7.7% per year** while the European GDP has grown **2.4% per year**

European panel - MC Employment and Overall Employment



... and European MC employment has been growing on average **5.5% per year** while the European overall employment is **1.4% per year**

The Management Consulting industry is also expected to achieve **positive trends in 2018**



Foreword on report methodology and structure

This report aims to provide an overview of the European Management Consulting (MC) industry. It has been developed based upon data already collected by national MC Associations for their yearly surveys.

Each Association has been asked to provide:

- Key data on turnover, employment, service lines and client industries from 2013 to the forecast for 2018;
- A country profile with a description of their national MC market, including references to the overall situation of the economy, major opportunities and threats faced by the Management Consulting firms, and other relevant issues.

National Associations, because of their history, their associate members and, sometimes, also because of law provisions, collect their data with respect to domains that are not fully homogeneous. Three major sources of differences relate to:

- **the subjects:** some Associations collect data only related to consulting firms (such as Italy) while others also take into account individual professionals (such as Austria);
- **the scope:** some Associations collect data only on their members (such as the UK), others on the overall market, irrespective of membership (such as Italy and Spain);
- **the focus:** Associations might treat differently businesses that are very closely related to MC, such as information technology (IT) consulting, or consulting on finance & taxation.

In order to avoid adding up data that are not fully homogeneous, this report provides an overall picture of the European Management Consulting industry only in terms of trends, as the above-mentioned differences should not distort the general trends of the MC industry. National data provided by the Associations have

been weighted based on the national GDPs at market prices from Eurostat (2014 data), keeping the reference constant in order to avoid the short-term impact of GDP growth differentials.

At the same time, this report provides insights into the different national MC markets through dedicated country profiles; these profiles include key industry data and qualitative analysis, as developed by national Associations. Accordingly, this report is made up of two sections:

- **Section A** – Major trends in European Management Consultancy
- **Section B** – Selected Management Consultancy markets' profiles.

Twelve national Associations have provided data for this report, namely:

- **Austria** – **UBIT**, Austrian Professional Association for Management Consultancy, Accounting and Information Technology;
- **Denmark** – **ADMCF**, The Association of Danish Management Consulting Firms;
- **Finland** – **LJK**, Finnish Management Consultants Association;
- **France** – **Consult'in France** (formerly Syntec Conseil en Management);
- **Germany** – **BDUeV**, German Association of Management Consultants;
- **Greece** – **SESMA**, Hellenic Association of Management Consulting Firms;
- **Hungary** – **VTMSZ**, Hungarian Management Consultants Association;
- **Italy** – **Assoconsult**, Italian Association of Consulting Companies;
- **Slovenia** – **AMCOS**, Association of Management Consulting of Slovenia;
- **Spain** – **AEC**, Spanish Association of Consulting Companies;
- **Switzerland** – **ASCO**, Association of Management Consultants Switzerland;
- **UK** – **MCA**, Management Consultancies Association.

Section A

Major trends
in European
Management
Consultancy



Major trends in European Management Consultancy

This section is based on a European panel that includes Austria, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Slovenia, Spain, Switzerland and the United Kingdom, unless differently specified. The panel represents 84% of the overall European Gross Domestic Product (GDP).

In order to identify the European trends, national data provided by the Associations have been weighted based on the national GDPs at market prices from Eurostat data.

This section includes analyses of European Management Consulting on:

TURNOVER TREND
EMPLOYMENT TREND
TURNOVER PER PROFESSIONAL SERVICE LINES
CLIENT INDUSTRIES

The European Management Consulting (MC) turnover in 2017 has grown by 7.8%, further accelerating its positive trend (Table 1). Also in 2018 a significant growth is expected: +8.1%.

In 2017 all the countries in the European panel achieved a significant growth, the only exception being Slovenia, which remained rather stable. Germany is continuing to grow at a smoothly increasing pace, while France and Spain have achieved a sudden acceleration in their growth. Hungary's fast growing trend is a recovery after a severe period of crisis. The UK decreased its growth path due to the impact of the Brexit decision. In 2018 the MC turnover is forecasted to increase even faster: 8.1% vs. 7.8% in 2017. Such strong growth is been driven again by France, Spain, Germany and Hungary. The growth rate at the country level is rather balanced: all the countries in European panel are expected to grow, with the maximum growth rate expected in France (11%) and the lowest in Slovenia (1.2%).

Table 1: MC turnover trend by country (2013-2018)

Country	2013	2014	2015	2016	2017	2018 (expected)	Yearly CAGR (2013-18)
Austria	9.0%	6.6%	6.7%	8.0%	12.3%	7.6%	8.3%
Denmark	2.1%	4.0%	9.4%	7.6%	7.9%	7.5%	6.4%
Finland	4.0%	5.0%	0.0%	9.5%	4.3%	4.2%	4.5%
France	0.8%	2.9%	9.2%	5.8%	10.5%	11.0%	6.6%
Germany	6.3%	6.3%	7.1%	7.4%	8.6%	8.4%	7.4%
Greece	2.8%	3.1%	2.9%	0.0%	7.1%	7.0%	3.8%
Hungary**	N/A	N/A	8.4%	13.0%	6.3%	9.0%	8.0%
Italy	-0.3%	5.7%	6.9%	8.0%	7.8%	8.3%	6.0%
Slovenia	-2.3%	-1.1%	2.1%	4.7%	1.2%	1.2%	0.9%
Spain	3.7%	-2.3%	2.0%	12.0%	8.0%	10.0%	5.5%
Switzerland	0.0%	11.4%	14.1%	9.0%	5.7%	6.8%	7.7%
UK	8.0%	8.4%	8.1%	4.8%	4.8%	4.8%	6.5%
European panel*	4.0%	5.3%	7.4%	7.1%	7.8%	8.1%	6.6%

Source: Our elaborations on MC turnover - FEACO survey 2012-2018.

* European panel includes the 12 European countries of the FEACO survey (excluding Hungary in 2013-14). These 12 countries represent 84% of the European GDP. The trends referring to Switzerland and the UK are calculated in the local currency so as to avoid distortion due to the exchange rate.

** Hungary CAGR data refer to the 2015-2018 period as earlier data are not available.

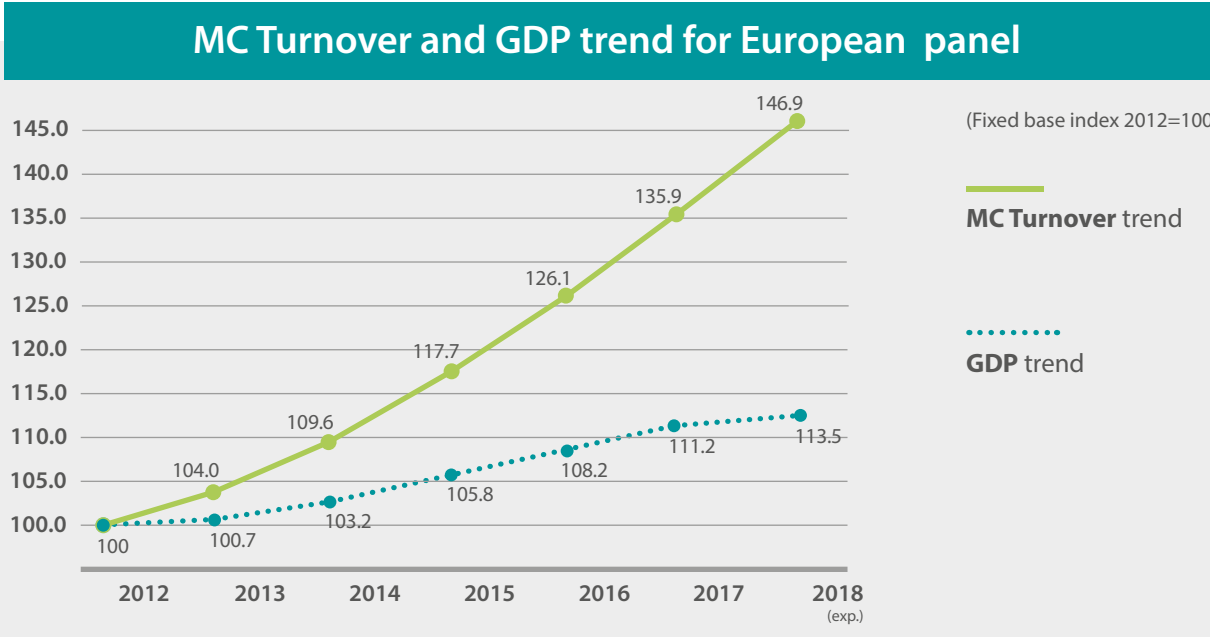
The MC industry recovery has been very much driven directly and indirectly by consulting in digital transformation; since 2014 most countries highlight that clients' companies are asking for more and more advice and implementation support in this area. In 2017 all the countries included in this analysis reported an increase in the consulting related to digital transformation. Moreover, given that consulting on digital transformation appears to require both new skills and a willingness/availability to invest, it appears that in most countries, the MC recovery has been driven by large and very

large consulting companies (respectively with more than 50 employees and more than 250 employees). An analysis of the MC turnover trend in the past six years highlights a steadily growing path of the MC industry after the previous period of crisis/stagnation. The Management Consulting industry appears to have been able to face and overcome the recession that affected Europe much better than the overall economy, which has shown a more limited and scattered growth trend. The MC market has grown on average 6.6% per year while European GDP has grown on average 2.1% per year (Table 2)

Table 2: MC Turnover and GDP trend for the European panel* (2013-2018)

Year	MC turnover trend		GDP trend**	
	Fixed index (base 2012=100)	Growth rate	Fixed index (base 2012=100)	Growth rate
2012	100.0		100.0	
2013	104.0	4.0%	100.7	0.7%
2014	109.6	5.3%	103.2	2.5%
2015	117.7	7.4%	105.8	2.5%
2016	126.1	7.1%	108.2	2.3%
2017	135.9	7.8%	111.2	2.8%
2018 (expected)	146.9	8.1%	113.5	2.0%
CAGR				
2013-2018		6.6%		2.1%

Source: Our elaborations on MC turnover - FEACO survey 2012-2018; GDP - Eurostat 2018.
 * European panel includes 12 European countries of the FEACO survey (excluding Hungary in 2013-14). These 12 countries represent 84% of the European GDP.
 ** GDP trend refers to nominal GDP, i.e. GDP at market price.



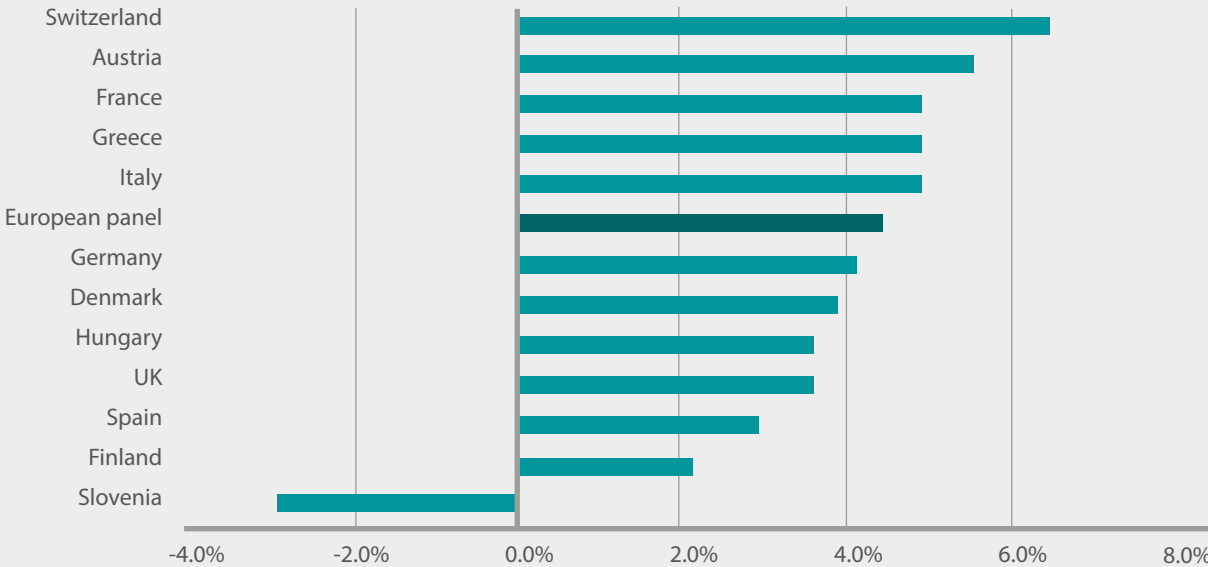
The MC turnover trend by country highlights that in all countries except Slovenia, the MC industry has performed better than its respective GDP. In most cases, the difference between MC industry growth and GDP growth is in the range of between 3 and 5%.

Table 3: Comparison of MC Turnover vs. GDP yearly CAGR (2013-2018)

Country	MC turnover (yearly CAGR 2013-18)	GDP*** (yearly CAGR 2013-18)	Differences in CAGR between MC and GDP growth rate (2013-18)
Switzerland	7.7%	1.5%	6.3%
Austria	8.3%	3.0%	5.3%
France	6.6%	1.8%	4.7%
Greece	3.8%	-0.9%	4.7%
Italy	6.0%	1.3%	4.7%
European panel*	6.6%	2.1%	4.5%
Germany	7.4%	3.2%	4.1%
Denmark	6.4%	2.5%	3.9%
Hungary**	8.0%	4.3%	3.7%
UK	6.5%	2.8%	3.7%
Spain	5.5%	2.4%	3.1%
Finland	4.5%	2.4%	2.1%
Slovenia	0.9%	3.8%	-2.9%

Source: Our elaborations on MC turnover - FEACO survey 2012-2018; GDP - Eurostat 2018.
 * European panel includes 12 European countries of the FEACO survey. These 12 countries represent 84% of the European GDP.
 ** Hungary data do not include 2013-14.
 *** GDP trend refers to nominal GDP, i.e. GDP at market price.

Differences in growth rate between MC Turnover and GDP (yearly CAGR 2013-2018)



Employment trend

The European Management Consulting employment in 2017 has grown by 5.2%, continuing its positive trend. In 2018 a significant – even slightly larger – growth is expected: +5.5% (Table 4).

In 2017 all the countries included in the report have achieved a significant growth, the only exceptions being Greece and Slovenia where employment registered just a slight increase.

Austria, France and Switzerland are showing very high growth in the employment levels, a clear indicator that MC companies in these countries believe that the MC industry growth is going to last.

While data are fragmented, it appears that employment growth is concentrated mainly in the large and very large consulting companies, i.e. those with more than 50 employees.

Table 4: MC employment growth rate (2013-2018)

Country	2013	2014	2015	2016	2017	2018 (expected)	Yearly CAGR (2013-18)
Austria	9.0%	6.6%	6.7%	6.8%	11.8%	8.7%	8.2%
Denmark	8.1%	0.9%	4.2%	5.7%	8.2%	3.7%	5.1%
Finland	1.0%	4.0%	14.4%	9.2%	3.8%	3.0%	5.8%
France	0.8%	2.9%	9.2%	9.4%	10.0%	10.0%	7.0%
Germany	4.5%	5.9%	3.3%	4.5%	1.9%	3.0%	3.8%
Greece	8.2%	8.9%	0.8%	-0.5%	5.5%	3.8%	4.4%
Hungary	N/A	N/A	-0.7%	4.8%	1.0%	-4.0%	2.1%
Italy	2.5%	1.6%	4.6%	6.8%	5.4%	6.6%	4.6%
Slovenia	-5.2%	-2.9%	1.9%	-0.4%	0.4%	0.5%	-1.0%
Spain	3.7%	-2.6%	2.4%	3.6%	5.5%	6.0%	3.1%
Switzerland	1.1%	14.4%	16.3%	9.8%	5.1%	7.0%	8.8%
UK***	N/A	12.0%	9.5%	5.0%	4.8%	4.8%	7.2%
European panel*	5.8%	5.2%	6.0%	5.8%	5.2%	5.5%	5.6%

Source: Our elaborations on MC turnover - FEACO survey 2012-2018.

* European panel includes the 12 European countries of the FEACO. These 12 countries represent 72% of European Employment.

** Hungary data do not include 2013-14.

** UK data do not include 2013.

Management Consulting is traditionally a “people” business; an increase in turnover – unless driven by a variation in price levels – is related to an increase in billed hours and therefore in employment. However, in the short term, the employment trend does not always match turnover growth. Given the time required for the development of a consultant, many consulting firms, when a recovery is forecasted, may hire in anticipation or, during a recession period, may retain their consultants. Moreover, during a period of turnover growth, MC companies often partially balance the increased workload by asking their consultants to stay overtime.

A comparative analysis of the past six years’ trend in MC turnover vs. MC employment highlights that the MC employment level has grown slightly less than the MC turnover: 5.6% per year vs. 6.6% per year. In 2013 MC employment grew more than MC turnover and since then the turnover has increased at a faster pace (Table 5).

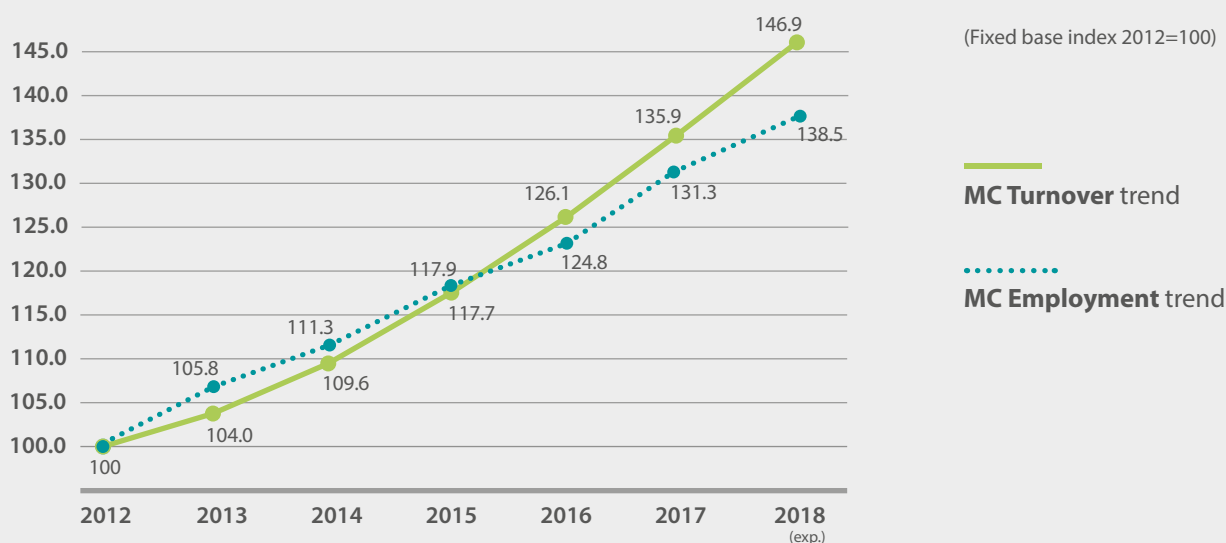
Table 5: MC Turnover and MC Employment trend for the European panel* (2013-2018)

Year	MC turnover trend		MC employment trend	
	Fixed index (base 2012=100)	Growth rate	Fixed index (base 2012=100)	Growth rate
2012	100.0		100.0	
2013	104.0	4.0%	105.8	5.8%
2014	109.6	5.3%	111.3	5.2%
2015	117.7	7.4%	117.9	6.0%
2016	126.1	7.1%	124.8	5.8%
2017	135.9	7.8%	131.3	5.2%
2018 (expected)	146.9	8.1%	138.5	5.5%
CAGR				
2013-2018	6.6%		5.6%	

Source: Our elaborations on MC turnover - FEACO survey 2012-2018.

* European panel includes 12 European countries of the FEACO survey (excluding Hungary in 2013-14). These 12 countries represent 84% of the European GDP and 72% of European Employment.

European panel - MC Turnover and MC Employment



The comparisons of the MC employment growth rate and the MC turnover growth rate in the various countries show a differentiated picture. In most countries, turnover and employment have been growing at a similar rate (+ or -1%) and in three countries turnover has increased much more than turnover (Table 6).

A recovery in the chargeability level after a period of crisis might explain the turnover-employment differential in Hungary and Spain, while a positive trend in the MC fees might justify these trends in the case of Germany.

Table 6: Comparison of MC Turnover vs. MC employment (yearly CAGR 2013-2018)

Country	MC turnover yearly CAGR (2013-18)	MC employment yearly CAGR (2013-18)	Differences in CAGR between MC turnover and employment growth rate (2013-18)
Hungary**	8.0%	2.1%	6.0%
Germany	7.4%	3.8%	3.5%
Spain	5.5%	3.1%	2.4%
Slovenia	0.9%	-1.0%	1.9%
Italy	6.0%	4.6%	1.5%
Denmark	6.4%	5.1%	1.3%
European panel*	6.6%	5.6%	1.0%
Austria	8.3%	8.2%	0.1%
France	6.6%	7.0%	-0.4%
Greece	3.8%	4.4%	-0.6%
Switzerland	7.7%	8.8%	-1.1%
UK***	6.1%	7.2%	-1.1%
Finland	4.5%	5.8%	-1.3%

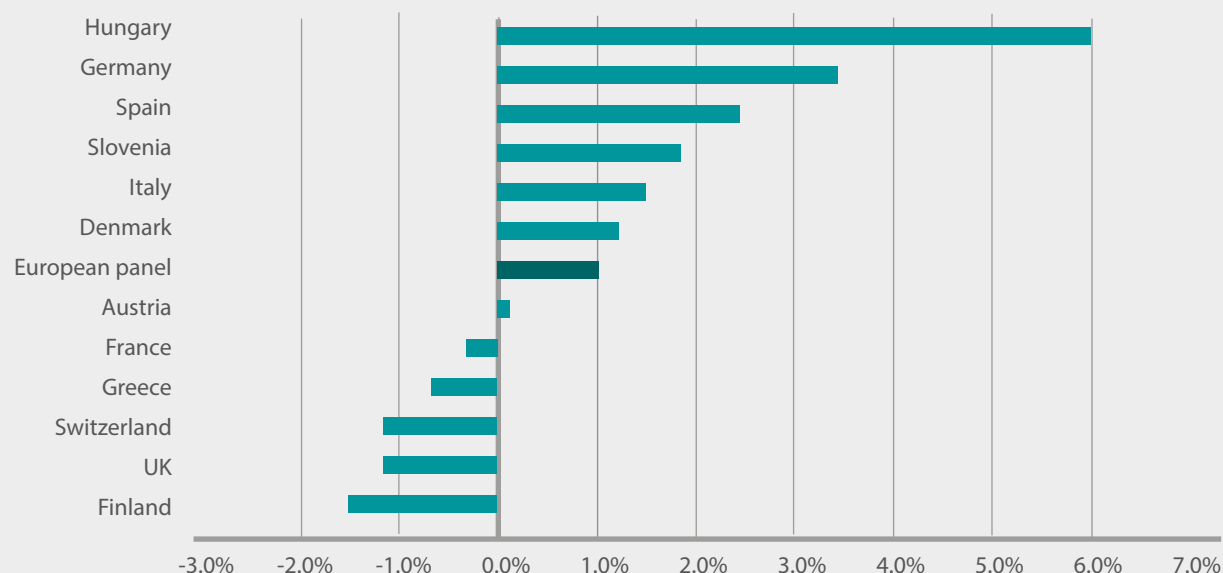
Source: Our elaborations on MC turnover - FEACO survey 2012-2018.

* European panel includes 12 European countries of the FEACO survey. These 12 countries represent 84% of the European GDP and 72% of European Employment.

** Hungary data do not include 2013-14.

*** UK data do not include 2013

Differences in growth rate between MC Turnover and Employment (yearly CAGR 2013-2018)



An analysis of the MC employment trend in the past five years highlights a steadily growing path of the MC industry. The Management Consulting industry appears to have been able to overcome the difficulties

of job creation that is affecting Europe. MC employment has grown on average 5.6% per year while the overall employment in Europe has grown on average 1.0% per year (Table 7).

Table 7: MC Employment and overall employment trend for the European panel* (2013-2018)

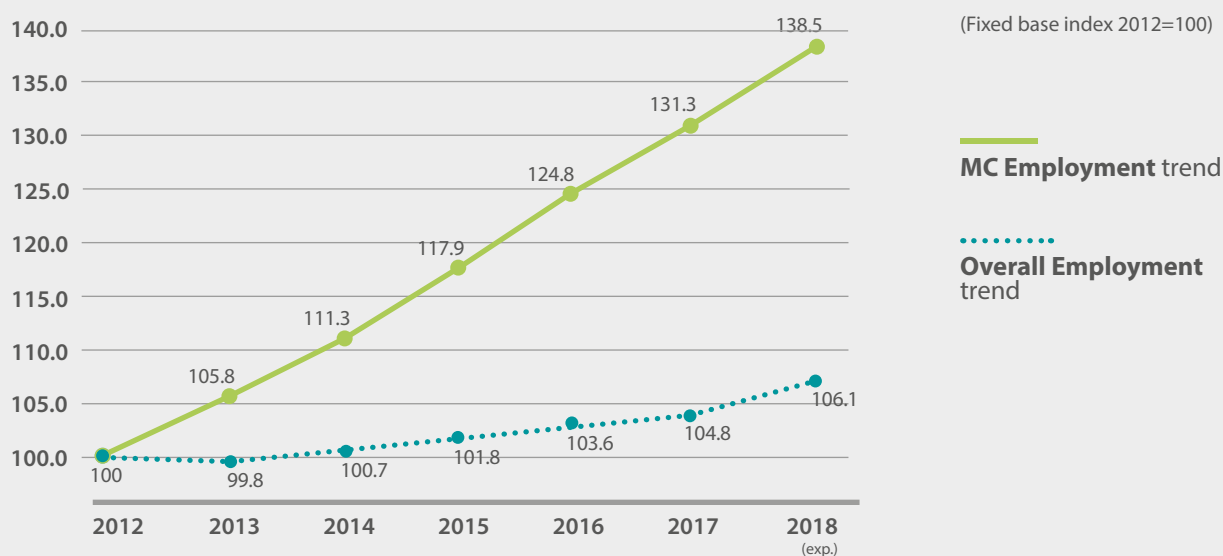
Year	MC employment trend		Overall employment trend**	
	Fixed index (base 2012=100)	Growth rate	Fixed index (base 2012=100)	Growth rate
2012	100.0		100.0	
2013	105.8	5.8%	99.8	-0.2%
2014	111.3	5.2%	100.7	1.0%
2015	117.9	6%	101.8	1.1%
2016	124.8	6%	103.6	1.7%
2017	131.3	5.2%	104.8	1.2%
2018 (expected)	138.5	5.5%	106.1	1.3%
CAGR				
2013-2018	5.6%		1.0%	

Source: Our elaborations on MC turnover - FEACO survey 2012-2018; Employment - Eurostat 2018.

* European panel includes 12 European countries of the FEACO survey (excluding Hungary in 2013-14). These 12 countries represent 72% of the European Employment.

** Overall employment data up to 2017 are taken from Eurostat; 2018 forecast by European Economic Forecast – Spring 2018 - European Commission.

European panel - MC and Overall Employment



The MC employment trend by country highlights that in all countries except Slovenia and Hungary, the employment in the MC industry has performed much better than the overall employment in the country (Table 8).

An evaluation of the MC industry impact on overall employment should also take into account that the employment generated by this industry is, in roughly 90% of the cases, characterised by professionals, mainly new graduates from universities, who find a qualified path into the labour market.

Table 8: Comparison of MC Turnover vs. GDP yearly CAGR (2013-2018)

Country	MC employment yearly CAGR (2013-18)	Overall employment yearly CAGR*** (2013-18)	Differences in CAGR between MC and overall employment growth rate (2013-18)
Switzerland	8.8%	1.1%	7.7%
Austria	8.2%	1.0%	7.3%
UK	8.6%	1.4%	7.2%
France	7.0%	0.5%	6.5%
Finland	5.8%	0.1%	5.7%
European panel*	5.6%	1.0%	4.6%
Italy	4.6%	0.3%	4.3%
Denmark	5.1%	0.9%	4.2%
Greece	4.4%	0.4%	4.0%
Germany	3.8%	1.1%	2.7%
Spain	3.1%	1.5%	1.6%
Hungary	2.1%	2.7%	-0.6%
Slovenia	-1.0%	1.1%	-2.1%

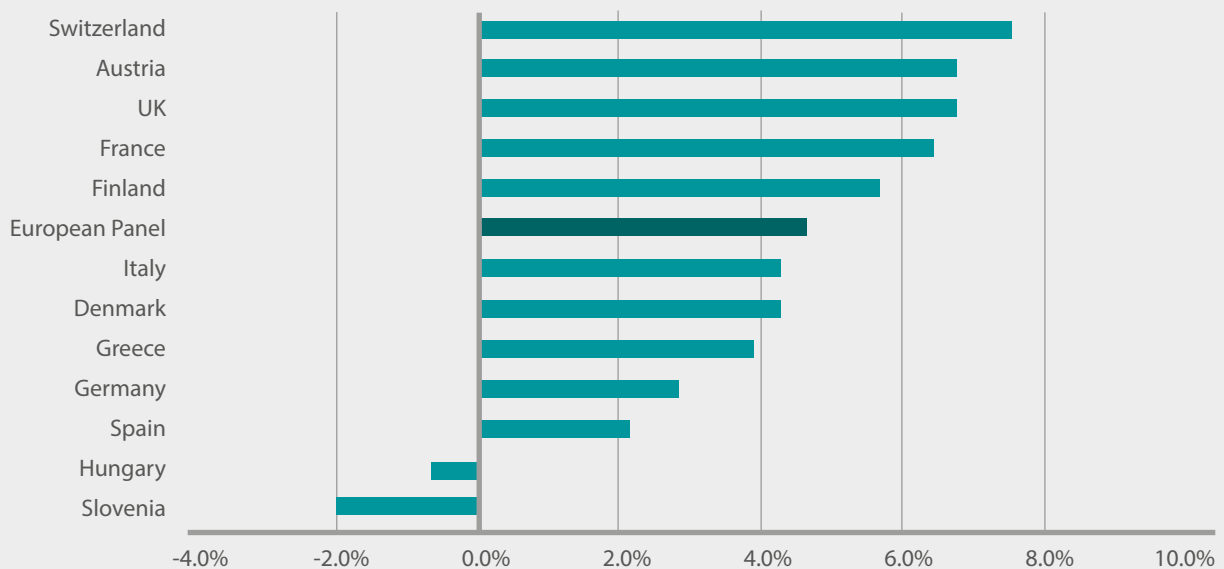
Source: Our elaborations on MC turnover - FEACO survey 2012-2018; Employment - Eurostat 2017.

* European panel includes the 12 European countries of the FEACO survey. These 12 countries represent 72% of European Employment.

** Hungary data do not include 2013-14.

*** Overall employment data up to 2018 are taken from Eurostat; 2018 forecast by European Economic Forecast – Spring 2018 - European Commission

Differences in growth rate between MC and Overall Employment (yearly CAGR 2013-2018)



Turnover per Professional

Annual turnover per professional is considered by consulting firms as an important performance indicator of productivity, since it is related both to the average price level (the daily consulting fees) and to the average chargeability (the number of days a consultant is billed to clients). The turnover per professional is considered a more meaningful indicator than turnover per employee, given that professionals represent the core of the consulting companies as well as the driver of their revenues.

In the 2013-18 period, the European turnover per professional has increased on average 1% every

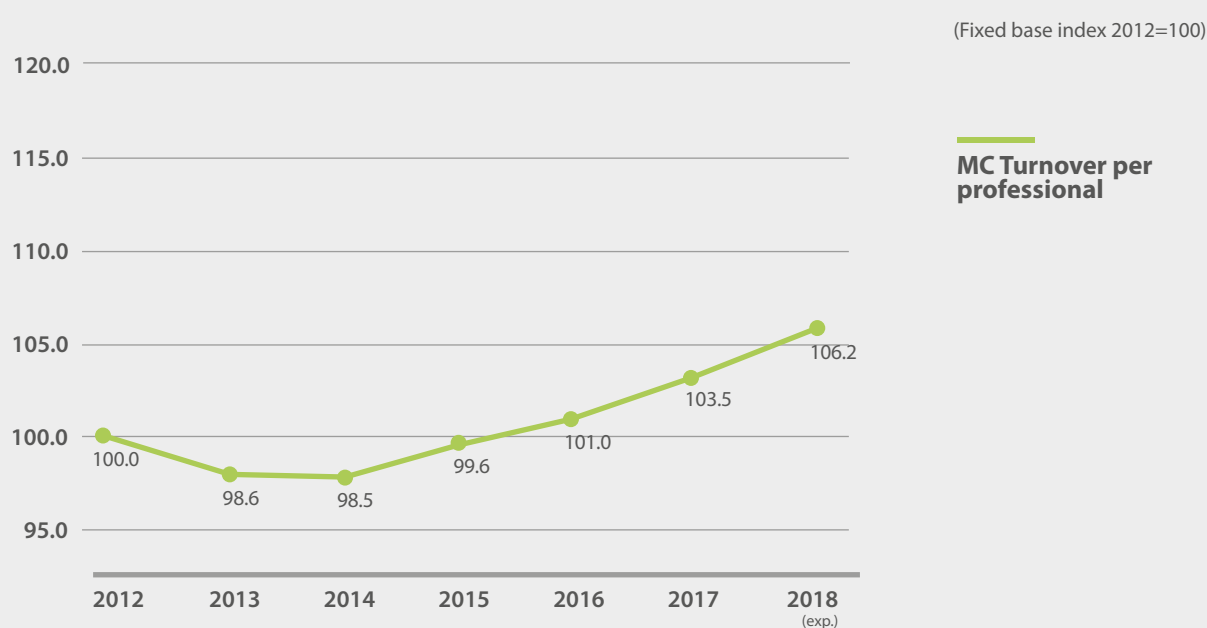
year with significant fluctuations among years and countries. (Table 9)

The very relevant increases that took place in Hungary and Slovenia are related to the recovery path out of a significant period of crisis. Apart from these two cases, the largest increase took place in Germany: +2.0% on average each year. On the opposite side the UK, Finland, and Austria, registered the sharpest decrease in the turnover per professional: -2,9%, -1.9% and -1.7% per year respectively. All the other countries remained quite stable in the + or - 1% range.

Table 9: MC turnover per professional trend – European panel (2013-2018)

Year	Turnover per professional trend	
	Fixed index (base 2012=100)	Growth rate
2012	100.0	
2013	98.6	-1.4%
2014	98.5	0.0%
2015	99.6	1.1%
2016	101.0	1.4%
2017	103.5	2.5%
2018 (expected)	106.2	2.6%

Turnover per Professional trend



The trend in turnover per professional is related to changes in the pricing structure and in the chargeability level. While the survey does not collect, on a structured basis, data on consulting fees, there is scattered evidence that after a period of decline in consulting fees as a response to the industry recession, since 2015 the price level has stabilized and there are signs of a gradual recovery in the consulting fees structure. The slight increase in the turnover per professional is further evidence supporting a marginal increase in MC fees.

The country-by-country analysis of six years' trend in turnover per professional highlights very different paths (Table 10). The very relevant increase that took place in Hungary is related to

the recovery path out of a significant period of crisis. Apart from this case, the largest increases took place in Germany and Spain: +3.4% and +2.3% on average each year. On the opposite side, the UK and Finland registered the sharpest decrease in the turnover per professional: -2% and -1.3% per year respectively. All the other countries remained quite stable in the + or -1% range.

Some countries, such as Germany, are constantly increasing the turnover per professional, while other countries, such as Austria and the UK, are constantly decreasing. But also there are several countries that are alternating years of increase with years of decrease (Table 10).

Table 10: MC turnover per professional trend by country (2013-2018)

Country	2012	2013	2014	2015	2016	2017	2018 (expected)
Austria	100	94.3	94.3	91.9	93.4	91.8	94.8
Denmark	100	94.4	97.3	102.1	104.0	103.7	107.5
Finland	100	103.0	104.0	90.8	91.1	91.5	92.6
France	100	100.0	100.0	100.0	96.7	97.1	98.0
Germany	100	101.7	102.1	105.9	108.9	116.1	122.2
Greece	100	95.0	89.9	91.8	92.3	93.7	96.6
Hungary**	N/A	N/A	100.0	109.2	117.7	123.9	140.7
Italy	100	97.3	101.3	103.5	104.7	107.1	108.7
Slovenia	100	103.0	105.0	105.2	110.5	111.4	112.2
Spain	100	100.0	100.4	100.0	108.0	110.6	114.8
Switzerland	100	98.9	96.3	94.5	93.8	94.3	94.2
UK***	100	93.1	90.1	88.9	88.7	88.7	88.7
European panel*	100	98.4	98.4	99.4	100.8	103.3	106.1

Source: Our elaborations on MC turnover - FEACO survey 2012-2018. Fixed base 2012=100

* European panel includes the 12 European countries of the FEACO survey (excluding Hungary in 2013-14). These 12 countries represent 84% of the European GDP. The trends referring to Switzerland and the UK are calculated in the local currency in order to avoid distortion due to the exchange rate.

** Hungary fixed base 2014 = 100.

An analysis of the turnover per professional shows significant differences across Europe: in the last three years, in Switzerland the average revenue per professional has been around €290,000 per year, in Germany about €260,000, while in Spain, Greece, Austria and Italy around €120,000 (Table 11).

Given that there should not be major discrepancies in chargeability levels among countries, the significant gap in turnover per professional by country appears to be mainly driven by a different pricing structure among the various national markets; in general Northern countries have, on average, daily consulting fees that are much higher than those charged in Mediterranean countries.

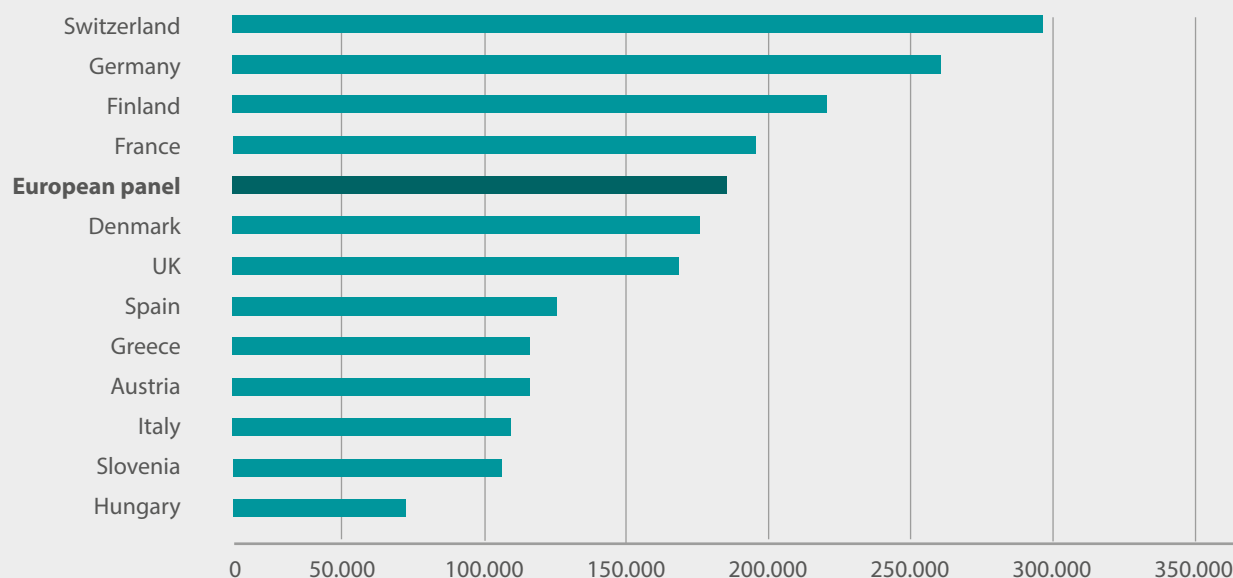
Table 11: Turnover per professional by country (average 2016-2018)

Turnover per professional	Country	Turnover per professional (Average 2015-2017)
Above 200,000 €	Switzerland	287,000 €
	Germany	265,000 €
	Finland	223,000 €
From 150,000 to 200,000 €	France	188,000 €
	European panel*	184,000 €
	Denmark	176,000 €
	UK	173,000 €
From 100,000 to 150,000 €	Spain	128,000€
	Greece	120,000 €
	Austria	118,000 €
	Italy	115,000 €
	Slovenia	105,000 €
Below 100,000 €	Hungary	78,000 €

Source: Our elaborations on MC turnover - FEACO survey 2012-2018.

* European panel includes 12 European countries of the FEACO survey. These 12 countries represent 84% of European GDP and 72% of European Employment.

Turnover per professional (Avg. 2016-2018)



A detailed comparison of the turnover per professional by consulting companies' size has not been possible because of the lack of data. However, the evidence from Germany and Italy, as two representative countries respectively of Northern and Southern Europe, it appears that in both countries there is a very large difference between the turnover per professional in large consulting companies and in small-medium consulting firms.

This evidence matches qualitative data from many countries, highlighting that, during the recession period, many small-medium consulting companies have been very aggressive in terms of pricing in their fight for acquiring orders and, because of that, they have had a decline in their turnover per professional (See Section B for more details).

Service Lines

The MC market has been analysed by Service Lines, considering the following seven major segments: strategy, operations, sales & marketing, finance & risk management, people & change, technology and other services.

STRATEGY: these activities support organisations in analysing and redefining their strategies, improving their business operations and optimising their corporate and business planning, business modelling, market analysis and strategy development. It also includes governance of major organisation redesigns, including company-wide transformation/restructuring programmes and strategic advisory in major financial transactions (M&A, IPO, etc.).

OPERATIONS: these activities are related to the integration of business solutions through Business Process Re-engineering (BPR); customer/supplier relations management (CRM); turnaround/cost reduction; purchasing & supply chain management, including manufacturing, research and development (R&D), product development and logistics.

SALES & MARKETING: these activities aim to evaluate and redesign Sales & Marketing activities in terms of customer insight and relationship management, sales and channel management, product portfolio management and branding, and digital marketing.

FINANCE & RISK MANAGEMENT: these activities support organisations in analysing and redefining their planning, budgeting and performance management models and improving their capabilities in measuring and optimising enterprise risks (credit, market, operational, environmental, quality, etc.). They also support addressing regulatory requirements and developing compliance management.

PEOPLE & CHANGE: these activities support organisations in dealing with the effects that change has on the human element of the organisation (Change Management), which also includes Human Resources (HR) Consulting, targeting the improvement of the 'people' element of an organisation through HR strategies, performance measurement, benefits, compensations and retirement schemes, talent development programmes and executive coaching.

TECHNOLOGY: these activities support organisations in evaluating their IT strategies with the objective of aligning technology with business processes. These services include strategic support for decisions related to the planning and implementation of new technologies for business applications, including IT Network & Security and Data Centre architecture.

OTHER SERVICES: these activities include a variety of complementary professional services to MC projects, such as training, market studies, outplacement, executive selection and recruitment.

The two main service lines in 2017 are Operations and Technology, with a market share of 21.5% and 21.1% respectively (Table 12). They have all been growing in absolute and relative terms, driven by the strong involvement of MC firms in supporting the digitalization process (see Section B for more details). Strategy and People & Change, while growing slightly in absolute terms, are facing a decline in market share, probably due to clients focusing more on the technology side of the business processes' change. Finance & Risk is growing more than the average, while Sales & Marketing is growing but losing market share.

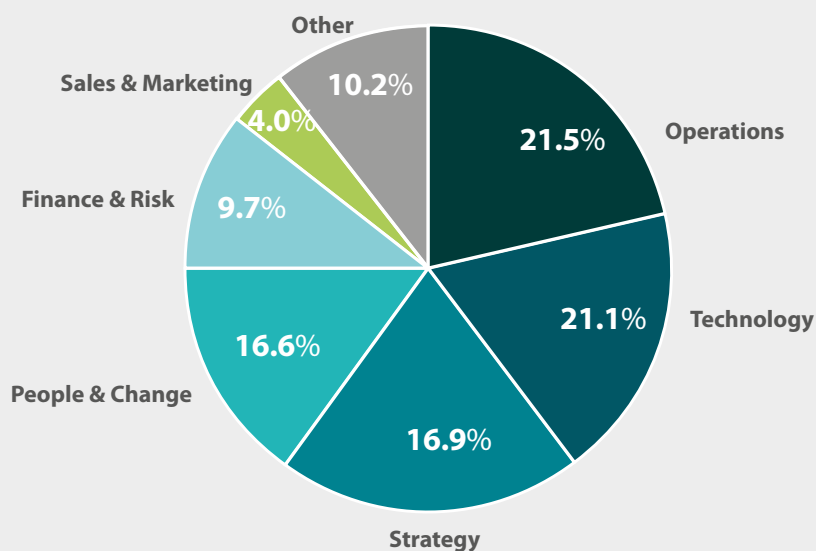
Table 12: MC Turnover distribution by Service Lines (2017)

Country	Operations	Technology	Strategy	People & Change	Finance & Risk	Sales & Marketing	Other
Austria	18.0%	7.4%	29.9%	16.0%	6.1%	9.7%	12.9%
Denmark	13.0%	18.0%	20.0%	18.0%	0.0%	10.0%	21.0%
Finland	15.0%	15.0%	20.0%	20.0%	5.0%	15.0%	10.0%
France	15.0%	18.0%	20.0%	24.0%	9.0%	3.0%	11.0%
Germany	41.0%	21.6%	18.4%	13.0%	2.2%	3.8%	0.0%
Greece	28.0%	12.0%	30.0%	6.0%	9.0%	3.0%	12.0%
Hungary	17.0%	43.0%	21.0%	5.0%	7.0%	5.0%	2.0%
Italy	12.3%	18.2%	17.0%	19.7%	19.8%	6.5%	6.4%
Slovenia	29.0%	18.0%	22.0%	12.0%	10.0%	9.0%	0.0%
UK	11.0%	28.0%	8.0%	13.0%	15.0%	1.0%	24.0%
European panel*	21.5%	21.1%	16.9%	16.6%	9.7%	4.0%	10.2%

Source: Our elaborations on MC turnover - FEACO survey 2006-2017.

* European panel includes only 10 European countries of the FEACO survey as detailed data for Spain and Switzerland are missing. These 10 countries represent 73% of European GDP.

MC turnover by Service Lines (2017)



In 2017 Technology-related consulting has achieved the largest growth rate: 13.3%. At the opposite extreme consulting related to Strategy has achieved the lowest growth: +3.1% (Table 13).

Such evidence well matches with the prevailing focus of Management Consulting projects: more operational and technology driven than strategic.

Table 13: Service Lines trend – European panel (2017)

Service line	Trend 2017
Technology	+13.3%
Finance & Risk	+10.7%
Operations	+10.1%
People & Change	+5.2%
Sales & Marketing	+4.8%
Strategy	+3.1%
Overall Market	+7.8%

Source: Our elaborations on MC turnover - FEACO survey 2006-2017.

* European panel includes only 10 European countries of the FEACO survey as detailed data for Spain and Switzerland are missing. These ten countries represent 73% of European GDP.

In order to look at the long-term change in the MC service lines portfolio, a comparison with the average 2006-2008 data has been carried out. The 2006-2008 period has been taken as reference as it is immediately before the crisis that affected Europe and also, since 2009, the MC industry.

Such a comparison highlights a major change in the MC portfolio of activities:

- Strategy has lost its central position in the MC portfolio (it was 30% in 2006-08 while now it has gone down to 16.9%)

- People & Change has slightly reduced its importance (it was 18% and now it is 16.6%) but it always remains an important pillar of MC activities
- Functional consulting (including Operations, Technology, Finance & Risk, Sales & Marketing), has grown considerably from 37% to 56.3% of the overall volume of MC activities

Moreover, it appears that Project Management, which at the time was identified as a distinct service line today remains important but tends to be, in many cases, a “support activity” within MC projects.

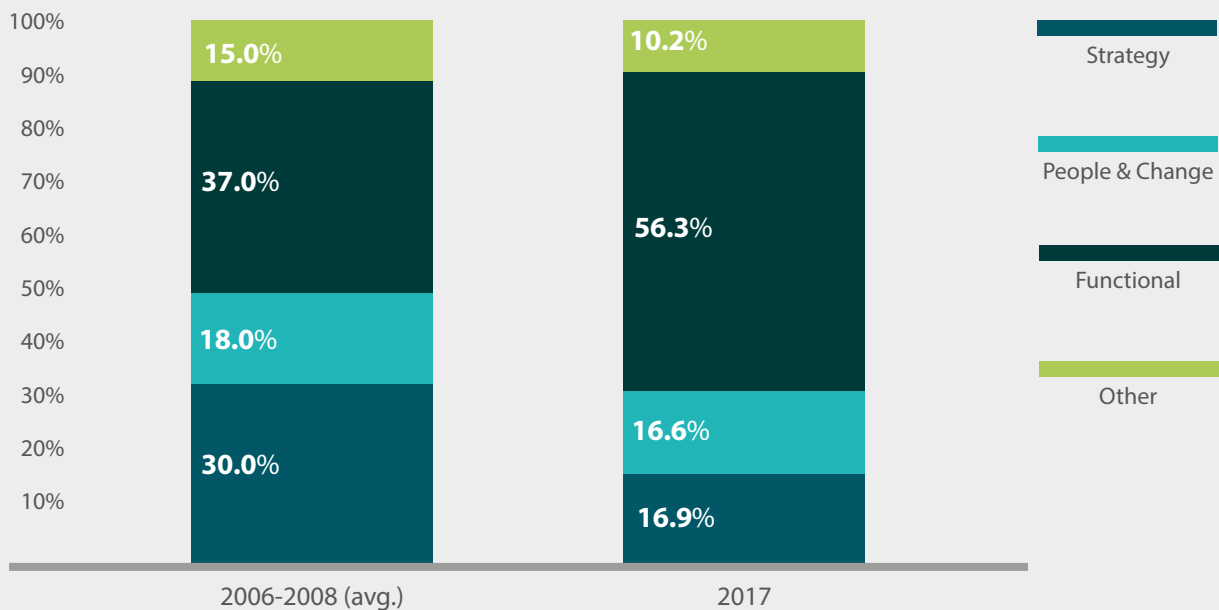
Table 14: MC Turnover distribution by Service Lines: a 2006-08 vs. 2017 comparison

	Strategy	People & Change	Functional*	Other
2006 - 2008 (avg.)	30.0%	18.0%	37.0%	15.0%
2017	16.9%	16.6%	56.3%	10.2%

Source: Our elaborations on MC turnover - FEACO survey 2006-2017.

* Functional consulting includes: Operations, Technology, Finance & Risk and Sales & Marketing.

Evolution of MC Turnover by Service Lines



Client Industries

The MC market has been analysed by Clients, considering the three most relevant segments of economic activity, namely Manufacturing, Service and Public Sector, and is then detailed by industries within the Services.

The **Manufacturing Sector** includes all the Consumer and Industrial Products, namely Aerospace & Defence; Automotive; Consumer Products; High Tech Products; Machinery; Chemicals, Pharmaceutical & Biotech; and Other Manufacturing Industries.

The **Service Sector** includes **Financial Services** (Banking & Financial Services; Insurance), **Energy & Utilities** (Oil & Gas; Chemicals & Petrochemicals; Utilities), **Telecoms & Media** (Communication; Media & Entertainment; Telecommunications; Publishing) and **Other Services** (Retail; Travel & Leisure; Private Healthcare; Software & Computer Services; Business Services).

The **Public Sector** includes Governments (both at a Central and Local level); Supranational Institutions (EU, WB, EIB, etc.); and Public Healthcare.

The European Management Consulting industry is strongly focused on the private Service sector: 58.9% of MC turnover in 2017. Consulting services to the Manufacturing sector represent 27.2% of the overall MC market, with the Public sector representing the remaining 13.9% (Table 15).

A comparison of the distribution of MC turnover by economic sector and the corresponding distribution of the Gross Value Added (GVA) highlights that, proportionally, a larger share of MC is addressed towards clients in the Service sector and the Manufacturing sector, while a much smaller share is towards the Public sector.

Table 15: European MC turnover and GVA distribution by economic sector (2017)**

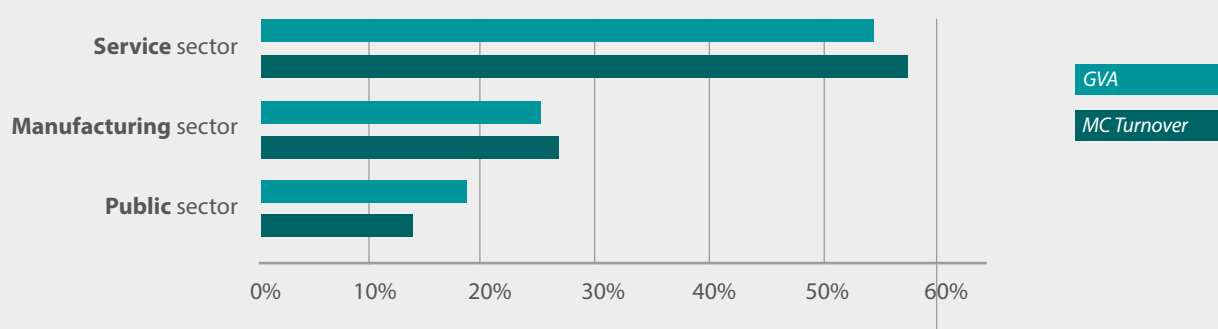
Economic Sector	MC turnover*	GVA
Manufacturing sector	27.2%	25.9%
Service sector	58.9%	55.1%
Public sector	13.9%	19.0%

Source: Our elaborations on MC turnover - FEACO survey 2014-2017; GDP - Eurostat 2017; GVA - Eurostat 2017.

* European panel includes all the 12 European countries of the FEACO survey. These 12 countries represent 84% of European GDP.

** Gross Value Added

European MC Turnover vs GVA shares by economic sector (2017)



In all countries, the distribution of MC turnover across economic sectors is strongly influenced by the country GVA structure (Table 16). In all these countries the Service sector is always the most relevant buyer of management consultancy. The Manufacturing sector is buying a share of management consultancy greater than the GDP share mainly in Austria

and Germany (because of government policies supporting innovative manufacturing) and in Italy. The limited spending in Management Consulting by the Public Administration – compared to the GDP share – characterises most European countries, with the exception of the UK, Greece and, to a smaller extent, Denmark (see Section B for more details).

Table 16: MC turnover vs. GVA – share of economy sectors by country (2017)

MC turnover by sectors (share of 2017 MC turnover)			Country	GVA by sectors (share of 2017 GVA)		
Mftg	Service	P.A.		Mftg	Service	P.A.
39.7%	49.6%	10.7%	Austria	29.7%	52.9%	17.4%
33.0%	42.0%	25.0%	Denmark	24.8%	53.7%	21.5%
21.0%	69.0%	10.0%	Finland	30.9%	48.8%	20.3%
27.0%	64.0%	9.0%	France	21.2%	56.3%	22.5%
34.0%	56.7%	9.3%	Germany	31.9%	50.1%	18.0%
24.0%	34.0%	42.0%	Greece	21.4%	58.3%	20.3%
15.0%	75.0%	10.0%	Hungary	34.7%	47.8%	17.5%
42.9%	48.0%	9.1%	Italy	26.2%	57.2%	16.6%
37.0%	52.0%	11.0%	Slovenia	34.8%	48.9%	16.3%
7.8%	73.6%	18.6%	Spain	27.1%	54.9%	18.0%
24.0%	69.0%	7.0%	Switzerland	26.2%	54.3%	19.5%
16.0%	59.0%	25.0%	UK	20.8%	61.6%	17.6%
27.2%	58.9%	13.9%	European panel*	25.9%	55.1%	19.0%

Source: Our elaborations on MC turnover - FEACO survey 2016-2017; GDP - Eurostat 2017; GVA - Eurostat 2017.

* European panel includes 12 European countries of the FEACO survey. These 12 countries represent 84% of European GDP.

A focus on MC spending (Table 17) highlights that Consumer & Industrial Products is the highest spender: 27.2% of the MC turnover. Immediately after there is the consulting addressed towards the Financial Services and then the Public

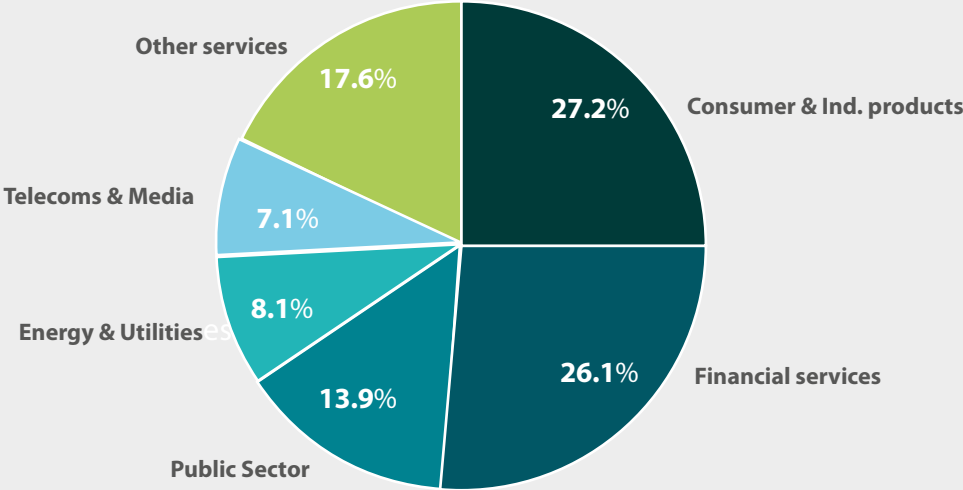
Administration, with a market share of 26.1% and 13.9% respectively. Energy & Utilities and Telecoms & Media represent the fourth and fifth largest spenders, with 8.1% and 7.1% of the overall MC market respectively.

Table 17: MC turnover by major client industries (2017)

Country	Cons. & Ind. Products	Financial Services	Energy & Utilities	Telecoms & Media	Other services	Public Sector
Austria	39.7%	5.5%	2.7%	2.4%	39.0%	10.7%
Denmark	33.0%	5.0%	11.0%	5.0%	21.0%	25.0%
Finland	21.0%	21.0%	14.0%	14.0%	20.0%	10.0%
France	27.0%	31.0%	9.0%	5.0%	19.0%	9.0%
Germany	34.0%	24.0%	7.6%	7.6%	17.5%	9.3%
Greece	24.0%	9.0%	4.0%	4.0%	17.0%	42.0%
Hungary	15.0%	19.0%	28.0%	17.0%	11.0%	10.0%
Italy	42.9%	22.3%	6.0%	5.6%	14.1%	9.1%
Slovenia	37.0%	20.0%	12.0%	7.0%	13.0%	11.0%
Spain	7.8%	33.2%	9.9%	12.9%	17.6%	18.6%
Switzerland	24.0%	35.0%	6.0%	3.0%	25.0%	7.0%
UK	16.0%	29.0%	8.0%	8.0%	14.0%	25.0%
European panel*	27.2%	26.1%	8.1%	7.1%	17.6%	13.9%

Source: Our elaborations on MC turnover - FEACO survey 2016-2017.
 * European panel includes the 12 European countries of the FEACO survey. These 12 countries represent 84% of European GDP.

European MC Turnover vs GVA shares by economic sector (2017)



After a significant period of decline, consulting towards the Public Sector has achieved the largest growth rate in 2017: +9.9%.

Also the Financial Services have achieved a very relevant growth: +8.6% (Table 18). In both cases a large part of this growth is related to digital transformation projects.

Table 18: Client Industries trend – European Panel (2017)

Client Industry	2017 trend
Public Sector	+9.9%
Financial Services	+8.6%
Consumer & Industrial Products	+7.8%
Telecom & Media	+7.2%
Energy & Utilities	+5.6%
Overall Market	+7.8%

Source: Our elaborations on MC turnover - FEACO survey 2006-2017.

* European panel includes the 12 European countries of the FEACO survey. These 12 countries represent 84% of European GDP.

In order to look at the long-term change in the MC service lines portfolio, a comparison with the average 2005-2008 data was carried out. This period has been taken as reference as it is immediately before the crisis that affected Europe and also, since 2009, the MC industry.

Such a comparison highlights that only minor changes in the client industries took place (Table 19). This applies also to the consulting services towards the Public Administration where the decline registered in a few countries has been counterbalanced by an increase in others.

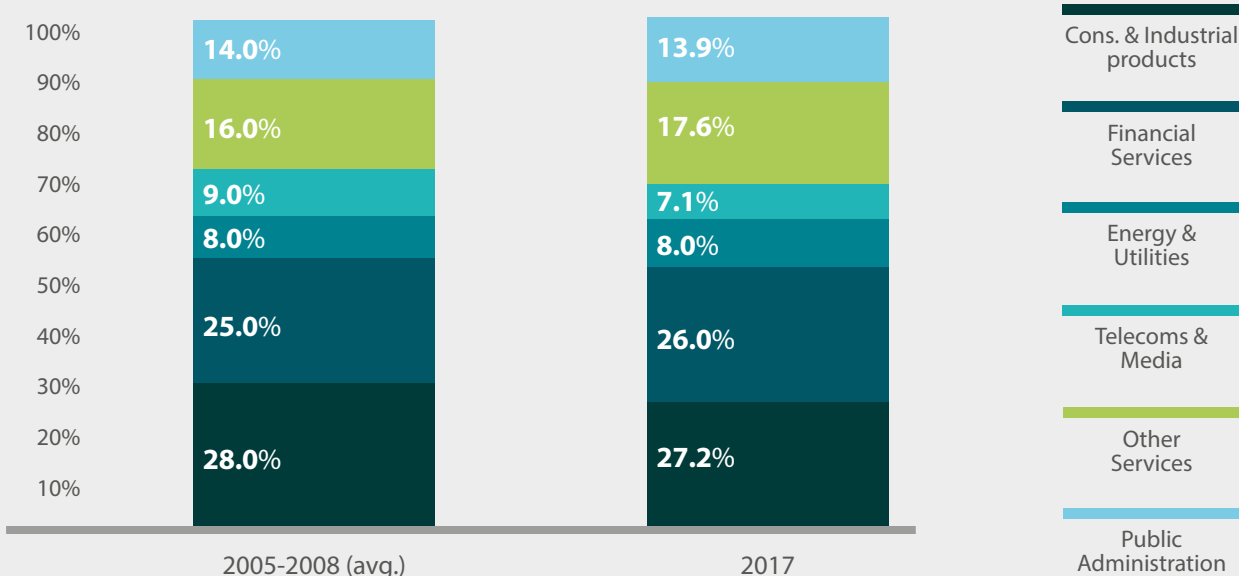
Table 19: MC turnover by major client industries: a 2005-08 vs. 2017 comparison

	Consumer & Ind. products	Financial Services	Energy & Utilities	Telecoms & Media	Other services (private)	Public Admin.
2005-08 (avg.)*	28.0%	25.0%	8.0%	9.0%	16.0%	14.0%
2017	27.2%	26.1%	8.1%	7.1%	17.6%	13.9%

Source: Our elaborations on MC turnover - FEACO survey 2005-2017.

* FEACO European 2006 data on the client industry are missing, in order to have a three years' average 2005 data were taken into account. Therefore the average is based on 2005, 2007 and 2008 data.

MC Turnover distribution by major Client Industries



Section B

Selected Management Consultancy markets' profiles

The profiles on national Management Consulting (MC) markets reported in this section are based on the data provided by the National Associations of Austria, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Slovenia, Spain, Switzerland and the United Kingdom.

Each country profile has a short introduction on the state of the overall economy in the country, then it focuses on the MC industry, providing industry data as well highlighting the major trends in the business (as collected by the National Association).

AUSTRIA

Key data on the Management Consulting industry

TURNOVER

4,480 Mln. € in 2016 (+8.0%)
5,030 Mln. € in 2017 (+12.3%)
Forecast:
5,410 Mln. € in 2018 (+7.5%)

EMPLOYMENT

14,134 employees in 2017
• **74%** professionals
• **26%** staff

EXPORT

23% of the overall MC turnover
• **80%** within the EU
• **20%** outside the EU

TURNOVER/PROFESSIONAL

118,000 € per year (avg. 2016-18)

In Austria, according to the OECD Economic Outlook 2018, "economic activity is set to remain buoyant through 2018 and, to a lesser extent, 2019, boosted by strong rebounds in investment and exports. Solid job creation and dynamic wages underpin private consumption. Inflation remains higher than in other euro area countries, mainly driven by prices in sectors that are little exposed to international merchandise trade". In 2017 the Austrian GDP increased by 3.1% with a growth forecast of 2.7% for 2018 and 2% for 2019. The Austrian business structure is mainly based on small and medium-sized enterprises and its economy is based on a highly developed services sector as well as the high tech industry. The Austrian workforce is characterized by a high

standard of qualification, vocational training and low strike rate, with a functioning social security system. The current focus for both businesses and government is on ICT skills shortages.

In 2017 Management Consulting turnover exceeded 5 billion € with a 12.3% increase over the previous year. With a forecasted growth rate at 7.5% for 2018, management consultancy – as well as knowledge-based services in general – is growing more than the overall Austrian economy. MC employment in 2017 was about 14,000 employees and in 2018 it is expected to increase by 8.7%, much less than the turnover growth. Moreover in Austria there are more than 16,000 self-employed consultants.

AUSTRIA

The increasing trend in consultancy projects concerning digital transformation continues and is also expected to dominate in the coming years. The majority of SMEs in Austria view themselves as digitally aware. Consultancy focuses on the transition process for SMEs to make their business models digitally oriented with the broader goal of becoming digital champions. The Austrian government actively promotes this process through special funding and the initiating of a Digitalisation Agency for business development. The predominant topic in 2017 and 2018 has been the implementation of the General Data Protection Regulation (GDPR). As a positive side benefit, the awareness concerning data protection has made many managers more aware and concerned with digital trends.

In 2017 Strategy consulting represents the largest MC service line, with a market share of 30%. Other relevant service lines are Operations (18%) and People and Change (16%). All these service lines are expected to achieve a very relevant increase in 2018.

The greatest share of MC clients is represented by the Consumer and Industrial Products segment, which accounts for almost 40% of the whole MC turnover in 2017. The Public Sector represents almost 11%.

MC services are essentially targeted towards the domestic market. In 2017 exports represented almost 23% of the total MC turnover, where consulting services are mainly exported within the EU.

The digital transformation is the greatest area of interest for businesses in Austria. Accordingly the Austrian consulting industry is very active in: Disruptive Innovation Management, Change Management (on topics such as flexible workplace environment and changing demographics), Business Process Optimisation Management, Adaptive Management (mainly regarding mobility and interactive marketing), IT-Strategy Management, Industry 4.0 Consulting and Resource Efficiency. Cyber Security and Data Protection remain very relevant topics. This country profile has been prepared by UBIT.

The Austrian Professional Association for Management Consultancy, Accounting and Information Technology (UBIT) was founded in 1985 as a self-governing subsidiary of the Austrian Federal Economic Chamber. Based on the Austrian Economic Chamber Act, membership of the association is regulated by law. In 2017 membership reached 69,041 members overall. The main tasks for UBIT are representation of interests as well as providing services for UBIT Members. UBIT is actively responsible for developing and shaping the economic and regulatory backdrop in Austria. As such UBIT develops and defends business interests, interacting with regulatory authorities and government on a national and EU level.

UBIT initiates, moderates and partners regional, national and global promotion activities for the benefit of the Austrian Consulting industry sector. Service is provided through information and advice for association members. Also, UBIT is the most important training and education partner for the consulting services. The UBIT Toolbox includes the Constantinus Award (Award for best practices), Incite (Academy for education and qualification) and Austrian Consultants Days.

National Association



**Austrian Professional Association for Management
Consultancy, Accounting and Information Technology**

www.ubit.at | www.incite.at

DENMARK

Key data on the Management Consulting industry

TURNOVER

2,556 Mln. € in 2016	(+7.6%)
2,759 Mln. € in 2017	(+7.9%)
Forecast:	
2,966 Mln. € in 2018	(+7.5%)

EMPLOYMENT

18,083 employees in 2017
• 88% professionals
• 12% staff

EXPORT

18% of the overall MC turnover
• 70% within the EU
• 30% outside the EU

TURNOVER/PROFESSIONAL

176,000 € per year (avg. 2016-18)
--

In Denmark, according to the OECD Economic Outlook 2018, "GDP is projected to grow at close to 2% in 2018 and 2019, supported by accelerating private consumption and an improved external environment. While rising labour force participation will partly help to meet growing labour demand, wage and price inflation are expected to rise as labour shortages increase. A decreasing trade balance will slowly reduce the considerable current account surplus".

In Denmark employment has risen steadily and quite significantly in the last five years. Production has also increased but less vigorously and not so evenly. Currently exports are in a deadlock but there is an estimated growth of approximately 2% for the next couple of years.

The overall turnover in the Management Consulting industry is estimated to be just over 22 billion DKKs (slightly less than 3 billion euros) in 2018. After a small decline in the turnover in 2010 the MC industry has experienced positive growth each year. From 2010 to 2018 the total turnover in the industry has risen by more than 60%. In this same period exports have more than doubled and they are presently almost 18% of the total turnover.

The total number of employees in the MC industry is estimated to be slightly less than 19,500 people in 2018. Thus, the employment in the industry is a great deal larger than the employment before the financial crisis in 2008 and the following

DENMARK

economic downturn. The employment growth was especially strong in 2013, 2017 and again in 2018, and overall the employment has risen by 6% annually since 2012.

Management Consulting is an industry characterized by the strong presence of professional/knowledge workers. There are more employees in the MC industry who have a long cycle of higher education than in all the other industries: 38% versus 11%. Moreover the MC companies also have relatively more people employed with a medium cycle higher education and fewer people without any qualifying education or with a vocational education.

The MC companies are providing a wide range of services, among others consulting in connection with analytical work, transformation and strategy, and IT consulting. The MC companies generate their largest turnover from analytical work which is 21% of the total turnover. Transformation and strategy is about 20% of the total turnover and IT consulting is about 18% of the total turnover in the industry.

The management consultants provide counselling and solutions to all sectors of Danish society. Thus, their knowledge is widely sought by both the private and public sector. 60% of all the MC business has customers in both the public and the private sector, 28% have almost exclusively customers in the private sector and 13% almost exclusively in the public sector.

The government and publicly owned companies are MC's largest customers. Hence, they buy 25% of the MC services. The largest customer in the private sector is the energy sector, which buys around 11% of the MC services. The manufacturing sector, the pharma industry and the trade, transport and logistics businesses take up about 10% each.

Overall, the private sector is the MC business's largest customer. It accounts for 63% of the total turnover in the industry while the public sector accounts for 37%.

This country profile has been prepared by ADMCF – The Association of Danish Management Consulting Firms.

The mission of ADMCF is to be the collective voice of management Consulting firms in Denmark, to facilitate knowledge exchange and networking within the industry as well as with large customer segments. Furthermore the ADMCF is to promote a better public understanding of the value that its members creates for both private and public customers.

The ADMCF is a part of the Confederation of Danish Industry which is the largest business organization in Denmark, with more than 10,000 members in industries as diverse as knowledge advisors (Consulting engineers, management consultants, IT-advisors, lawyers, communication firms etc.) transportation, food & beverages, b2b-commerce, building materials, operational services (e.g. facility management), IT- & Telecom, electronics, energy sector, professional service firms and production of machinery.

National Association



Association of Danish Management
Consulting Firms

Dansk Industri, the Confederation of Danish Industry

www.danskindustri.dk

FINLAND

Key data on the Management Consulting industry

TURNOVER

2,300 Mln. € in 2016	(+9.5%)
2,400 Mln. € in 2017	(+4.3%)
Forecast:	
2,500 Mln. € in 2018	(+4.2%)

EMPLOYMENT

13,500 employees in 2017
• 80% professionals
• 20% staff

EXPORT

40% of the overall MC turnover
• 50% within the EU
• 50% outside the EU

TURNOVER/PROFESSIONAL

223,000 € per year (avg. 2016-18)
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In Finland, according to the OECD Economic Outlook 2018, "a robust output growth is projected on the back of a rebound in exports and continued strength in domestic demand. Private consumption will keep growing steadily in 2018, thanks to a rise in earnings and employment. Inflation is expected to rise as spare capacity shrinks".

The Finnish economy was growing 2.6% in 2017 and it is expected to grow +2.9% in 2018. This economic recovery has had a positive impact on the public finances. General recovery in key industries such as electronics and paper, a slight improvement of external demand and a decline in energy prices are also expected to play a role in revamping the Finnish economy.

Increasing employment through work incentives and increasing efficiency in public services is expected to contribute to a further growth of the Finnish economy.

MC turnover is increasing at higher rates than GDP: +9.5% in 2016 and +4.3% 2017. A similar trend (+4.2%) is also expected for 2018.

MC employment has increased by 4% in the last two years. In 2017, a further 3% increase in employment is expected in countertrend with respect to the overall country employment trend, where unemployment is expected to increase.

The Finnish MC turnover is 50% associated with large firms, with the remaining 50% shared equally among small and medium-sized firms.

FINLAND

In terms of service lines, most of the turnover is shared equally among three different segments: Strategy, Operations and People & Change, amounting to 20% each. Sales & Marketing and Finance & Risk represent 10% each of total MC turnover, while 5% of the market is covered by the Technology segment. Strategy and People & Change are expected to achieve the highest growth in 2018.

The Consumer & Industrial segment represents approximately 21% of the total MC turnover, while Finance is about 16%, Telecom approximately 15%, and Energy about 13%. Public Administration constitutes about 10% of the MC market and the other segments account for about 25%.

In Finland, the MC industry is very much oriented towards exports that represents around 30% of the overall MC turnover: 2/3 of exports are towards EU countries and 1/3 towards countries outside the EU.

This country profile has been prepared based on the questionnaire provided by the Finnish Management Consultants Association (LJK).

LJK was formed in 1961 to represent the management consultancy industry to its clients, the media and the Government. The association supports its members by training, education, networking and public relations.

LJK is a member of FEACO (European Federation of Management Consultancies Associations), ICMCI (International Council of Management Consulting Institutes) and ICC (International Chamber of Commerce)

National Association



Finnish Management Consultants Association

www.ljk.fi

FRANCE

Key data on the Management Consulting industry

TURNOVER

5,900 Mln. € in 2016	(+5.8%)
6,520 Mln. € in 2017	(+10.5%)
Forecast:	
7,235 Mln. € in 2018	(+11%)

EMPLOYMENT

38,500 employees in 2017
• 92% professionals
• 8% staff

EXPORT

15% of the overall MC turnover
• 62% within the EU
• 38% outside the EU

TURNOVER/PROFESSIONAL

188,000 € per year (avg. 2016-18)
--

In France, according to the OECD Economic Outlook 2018, "economic growth is set to return to a solid pace of close to 2% over 2018-19 thanks to strong external demand and robust business confidence. Gradual corporate tax cuts and supportive financing conditions will underpin business investment growth. Lower labour taxes and labour market reforms should encourage job creation and boost household consumption and inclusiveness. Inflation is projected to pick up, supported by the firming of the economy and an increase in wages". French GDP growth for 2017 is estimated at +2.2%. Household consumption expenditure slowed down sharply (+1.0% after +2.1% in 2016). In contrast, investment continued to accelerate sharply (+4.5% after

+2.8%). The contribution of final domestic demand excluding inventories to GDP growth was +1.8 points after +2.1 points in 2016. The contribution of foreign trade is recovering (+0.1 point after -0.5), as well as changes in inventories (+0.2 point after -0.4). The purchasing power of household gross disposable income slowed (+1.3% vs. +1.8% in 2016) due to inflation, despite more dynamic wages and property income. For the year 2018, GDP is expected to grow at +1.7%. In the second quarter of 2018, GDP grew at the same pace as in the first quarter: +0.2%. Household consumption expenditure weakened slightly. In total, final domestic demand excluding inventories contributed as much to growth as in the first quarter (+0.2 points). Imports rebounded (+1.0%

FRANCE

after -0.4%), as well as, to a lesser extent, exports (+0.2% after -0.4%). Overall, the external balance contributes negatively to GDP growth: -0.3 point, after a zero contribution in the first quarter.

In 2017 the French Management Consulting, which started a growth phase in 2013, increased by 10.5%, reaching around €6.5 billion turnover. Year 2018 promises to be particularly good for any service line and consulting firms anticipate a minimum growth of 10%. The share of the international consulting is important with 31% of assignments having an international predominance.

The price index of consulting services shows a very small evolution: since 2010, this index has gone from 100 to 104. When adjusted for inflation, the trend is negative: the index going from 100 to 97. This resulted in a loss of margin for consulting firms which have had to cope with an increase in their expenses, in particular with the pressure on wages. Consulting firms note that they have no difficulty recruiting new graduates but that they tend to diversify profiles by recruiting professionals from other sectors and experienced consultants who are more difficult to retain. These difficulties are reflected in an average 5.9% increase in wages in 2017. The number of consultants increased by 10% in 2017, i.e., 3,500 new positions created by the consulting sector in 2017. In 2018, the profession plans to recruit 11,500 people (7,300 renewals and 4,200 new jobs) distributed among young graduates up to 39% (4,500) and intermediate/experienced profiles up to 61% (7,000). In 2017, the top four client sectors are represented by Financial Services (31%), Industry (growing from 26% to 27%), Energy Utilities (9%) and Public Administration (9%, down from a previous 10%). The breakdown per service line highlights the progress of IT consulting which goes from 15% in 2016 to 18% in 2017, and finance and risk management which goes from 7% to 9%. It also confirms the slight slowdown of change management, performance improvement and HR consulting. Sustainable development consulting remains confined to a niche positioning with less than 1% of market share. The relationship with purchasing services has ceased to be a central issue. Contracts negotiated under often unfavourable conditions in the past are gradually coming to an end, which helps to ease the pressure. Through qualitative interviews, it appears that in 2017 prices did not

particularly soar and that the gap with other developed markets in Europe remains significant but the issue of prices is felt less negatively than in previous years. The progression of the Digital Direction (CDO) is impressive. It now represents 9% of the market when it was absent from statistics two years ago. Indeed, the consulting market has entered into a period of growth driven by the wave of digital transformation. In 2017, missions with a strong digital component accounted for more than 29% of all business activity in all specialties. The strong growth of this sector should continue in the coming years. The main drivers of growth are to be found in financial services, retail, industry, defence, automotive, utilities, transport and private equity. Consulting firms that are positioned on digital transformation and technology are in line with the expectations of the market, which is concerned with issues around innovation, customer experience, the modernisation of public action and cyber security. In addition, the regulation is also supportive – the implementation of the GDPR reinforcing and broadening this point. This country report has been prepared by Consult'in France. Consult'in France – Syntec Strategy and Management, gathers 79 firms, representing over 60% of the management consultancy market in France. It brings together diverse types of companies, both in size and by their area of expertise, which work for private companies as well as public administrations.

Consult'in France defends the interests of consultancies and represents the profession towards a wide range of stakeholders, including public and governmental authorities.

The association is part of the SYNTEC Federation, which gathers 80,000 companies mainly in the fields of Engineering, IT, Consulting, Training and Public Relations. The SYNTEC Federation represents around 910,000 jobs for a consolidated turnover of €70 billion.

National Association



Consult'in France

www.consultinfrance.fr

GERMANY

Key data on the Management Consulting industry

TURNOVER

29,000 Mln. € in 2016	(+7.4%)
31,500 Mln. € in 2017	(+8.6%)
Forecast:	
34,150 Mln. € in 2018	(+8.4%)

EMPLOYMENT

142.650 employees in 2017
• 82% professionals
• 18% staff

TURNOVER/PROFESSIONAL

265,000 € per year (avg. 2016-18)
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In Germany, according to the OECD Outlook 2018, "economic growth is projected to remain solid, backed by robust world trade, investment and a booming labour market. Consumption growth has slowed somewhat, as higher inflation has curbed real wage growth. Low interest rates, high capacity utilisation and growing housing demand are supporting strong residential and business investment. The current account surplus is projected to fall somewhat on the back of strong domestic demand that fuels imports".

The German GDP has risen by 2.5% in 2017 and is expected to grow at 2.1% both in 2018 and 2019. Given its strength in capital goods manufacturing, Germany has benefitted from the

broad-based global upswing. Business sentiment remains high, notwithstanding a recent decline related to concerns about rising protectionism. Significant employment gains have pushed the unemployment rate to a record low, favouring a rise in internal consumption.

The German Management Consulting industry continues its growth path: in 2017, the total turnover of Strategy, Organisation, IT and Human Resources consulting increased by 8.5% reaching €31.5 billion. In 2016 the overall MC turnover was €29 billion. For the eighth time in a row, the MC industry achieved an increase in sales. The average industry growth in the period from 2010 to 2017 is 7.5%.

GERMANY

The German economy, as well as the public sector, is responding to the manifold demands for change at the economic and administrative levels with an increased demand for consulting services. The clock is set by the ongoing digital transformation. For example, projects with clients in which the focus is on big data and data analysis are to be further expanded. In this field of action, however, the consultants expect noticeable competition from existing or new competitors, such as online platforms, in the coming years.

The growth forecasts of the study participants for the individual consulting fields also underline the fact that clients are increasingly seeking the support of consultants in digital change. Strong demand is expected in the consulting fields of change management (forecast 2018: +9.9%), customer relationship management/sales (forecast 2018: +9.9%) and business development/innovation (forecast 2018: +8.8%). The issue of data protection and data security (forecast for 2018: +9.5%) continues to cause companies to require more advice due to the new Data Protection Law GDPR (valid from 25 May 2018).

This country report has been prepared by BDU (German Association of Management Consultants).

Currently, BDU represents around 500 Management-and IT-Consulting and Executive Search companies with approximately 13,000 consultants employed. This makes BDU one of the world's leading associations representing the MC industry.

The work of the association is based on two columns: on the one hand, BDU represents the legal and political interests of the entire sector; on the other it provides services such as benchmarks, networking, professional training and a proof of quality label. BDU regards itself as an independent, neutral association of highly qualified market participants.

National Association



Germany BDU e.V., German Association of Management Consultants

www.bdu.de

GREECE

Key data on the Management Consulting industry

TURNOVER

212 Mln. € in 2016	(+0.0%)
227 Mln. € in 2017	(+7.1%)
Forecast:	
249 Mln. € in 2018	(+7.0%)

EMPLOYMENT

2,120 employees in 2017
• 90% professionals
• 10% staff

EXPORT

20% of the overall MC turnover
• 40% within the EU
• 60% outside the EU

TURNOVER/PROFESSIONAL

120,000 € per year (avg. 2016-18)

In Greece, according to the OECD Outlook 2018, "GDP growth is projected to rise to 2.3% in 2019. Exports will be the main driver of growth, benefitting from rising external demand and improved competitiveness. Investment and private consumption will recover as confidence rebuilds, following improved fiscal credibility. Continuing high excess capacity will limit price and wage pressures. In 2018, the budget surplus will out-perform the medium-term target, through restrained expenditure and improved tax collection, but then decline towards the target in 2019. Still, public debt remains high". The Greek GDP growth in 2017 is currently estimated at 1.4%, with a further growth for 2018, mostly taking into account the very good course of tourism and exports. Unemployment

has been steadily decreasing over past years, reaching 20.8% in December 2017, and has shown further indications of decline in 2018, estimated at 19.1% in June 2018. In 2017, the Greek MC industry followed the overall positive trend of the national economy and increased by 7%. This is mainly attributed to the projects of the financial sector, the need for financial and operational restructuring of companies in order to receive further financial aid, as well as the growth of the demand for MC services from the public sector. The MC industry is expected to grow by 7% in 2018 as many companies will require new strategies in order to adjust to the new economic climate, MC services will further increase in the financial sector and the companies need to comply with GDPR. The

GREECE

largest part of MC turnover comes from the large MC firms which operate in Greece, including both Greek and multinational ones. Large MC firms have been growing, medium sized consulting firms remain stable or have decreased, while the majority of small firms have shown a decrease in turnover, resulting in some cases in a change of business sector. Regarding the outlook of the MC sector in Greece in 2018, it is worth noting that large consulting firms believe that the situation in the MC industry will be better, while small and medium sized companies are more conservative in their view of the situation. In general, it is believed that the situation of the MC industry will continue to improve, due to the following factors: the positive climate following the successful conclusion of the European Stability Mechanism (ESM) economic adjustment programme, the implementation of programmes funded by programming period 2014-2020, the increase in the need for services with regard to financial and operational restructuring of companies in order to conform to the legislation for business loans (NPLs), the implementation of GDPR compliance projects, as well as the request for strategic planning. Taking into account the years of recession, it is important for companies to request the aid of MC firms in order to identify and reach new markets, to provide new services or to implement new processes in order to maintain or expand their business. However, pricing of MC services in Greece continues to lag behind the rest of the EU countries and MC fee rates are still decreasing. Due to the economic climate, many firms have increased their work abroad both within and outside EU 28, so that the degree of internationalization of Greek MC firms has increased in 2017, reaching 20% of the overall turnover. As to the service lines, Strategic MC continues to be the leading service, showing a small decrease from 33% to 30% of the total turnover. Operations remain in second place, while Technology is in third place, followed by Finance & Risk. Taking into consideration the more optimistic economic climate in Greece, the most important priority of MC customers is growth, while cost reduction and innovation follow. As to the client industries, the Public Sector continued to be the major customer for MC services in 2017, mainly due to the completion of projects from previous funding programmes, along with the

EU funded projects that consulting members undertake abroad. Consumer and industrial products are in second place, followed by financial services. The demand for digital transformation services is expected to increase in the coming period mostly from the financial and the public sectors. Digitization will be incorporated in practically all MC services in all business sectors. Consulting to the public sector is expected to focus mainly on digitization, development of people skills, restructuring and modernisation of business processes and feasibility studies for new investments. Digitization is also expected to affect the business model for consulting. Digital services will be incorporated in almost every consulting service. The profile and skills of future consultants are not expected to differ significantly from those currently required. This country report has been prepared by the Hellenic Association of Management Consulting Firms (SESMA). SESMA was founded in 1991 by 23 leading Consultancies in Greece. Today it has 47 members, including large Greek firms and international firms that operate in Greece. SESMA members represent more than 70% of the total turnover of the consulting market in Greece and employ more than 1,500 highly skilled and experienced consultants. SESMA has extensive experience in the organisation of conferences/forums networking events and training for members as well as consultants from other countries. In addition, SESMA is active in lobbying the government about issues that are relevant to the consulting profession by taking part in working groups and committees, drafting of position papers, preparing studies, and assisting in legislation issues. SESMA is a member of the European Federation of Management Consulting Associations (FEACO), the Federation of Greek Enterprises and the Federation of Industries of Northern Greece.

National Association



Hellenic Association of Management Consulting Firms (SESMA)

www.sesma.gr

HUNGARY

Key data on the Management Consulting industry

TURNOVER

365 Mln. € in 2016	(+13.0%)
388 Mln. € in 2017	(+6.3%)
Forecast:	
423 Mln. € in 2018	(+9.0%)

EMPLOYMENT

5,780 employees in 2017
• 86% professionals
• 14% staff

EXPORT

14% of the overall MC turnover
• 43% within the EU
• 57% outside the EU

TURNOVER/PROFESSIONAL

78,000 € per year (avg. 2016-18)

In Hungary, according to the OECD Outlook 2018, "Economic growth is projected to remain strong but to slow somewhat in 2019 as capacity constraints bite. Real wage gains and employment increases will support private consumption, while investment will be stimulated by private firms and the disbursement of EU structural funds. Exports will benefit from robust external demand and new capacity expansion, although gains in market share will slow. Wage increases resulting from tighter labour market conditions will raise inflation, which is projected to exceed the central bank's 3% target in early 2019".

The Hungarian Management Consulting industry is doing well: in 2017 a 6.3% increase in turnover,

with a further 9% increase in 2018. Although the number of practitioners by the end of 2018 is expected to decrease to somewhere around 4,800 (probably due to the already perceived shortages in the labour market), both chargeability and the effective rates are increasing, enabling growth. Since MC is still contributing only 0.5% to the GDP, which is significantly less than in the more developed regions of the EU, this industry still has huge growth potential.

Many Hungarian practices and freelancers are engaging in projects abroad, partly taking part in projects financed by EU funds in accession countries and partially exploiting the wage differences between Hungary and central parts of EU.

HUNGARY

Large and medium sized consulting companies are growing and they generate around 75% of all industry turnover, while companies employing fewer than 50 professionals are facing a slight decline. Small and medium sized practices appear to be more vulnerable to labour export as well as the growing employment demands of the economy. Close to 9% of active consultants are freelancers (either coming from mid-level industrial management or from big consultancies). Exploring the possibilities of the growing need for and shortages of consulting labour, it seems that freelancers are now able to increase their fees.

Although in recent years – in large part because of EU funds – the Hungarian MC industry has been opened to include SMEs, most of the consulting revenues continue to come from large corporations and public institutions.

A continuing trend in Hungarian consultancies is to engage in long-term projects on a T&M basis. Although it is natural in an environment where large and long-term IT implementation projects dominate the market, such a trend is reducing the distinction between T&M consulting and loan staff arrangements.

IT-related consulting projects continue to dominate the sector. Even if we exclude system development and integration services, IT-related projects constitute 45% of all consulting revenue, increasing from 43% in 2017. This is reflecting the well known character of the Hungarian consulting sector being mostly development and investment driven. Strategy, including M&A and other strategic finance and risk disciplines, follows in second place with 21%.

With regard to consulting fees, in spite of the double efforts in previous years to push the fees down – on the one hand public procurers strive to limit consulting per diem frequently at the expense of quality, and on the other hand by the freelancers – the actual fees grew this year by around 8%, reaching on average €490/day. Such an average fee shows huge variations: certain companies (international strategy, or

niche players) negotiate per diem rates well above €1000, while many players are satisfied with rates around €300. In the long-term fees are expected to continue their growth.

The predicted growth of the Hungarian economy is providing hope that the consulting industry may continue to grow in the coming years as long as the EU economic area continues to perform well and EU funds will continue to provide financials to public-related consulting procurements.

IT-related investments will continue to be a dominant factor in consulting services, however potentially at a somewhat lower rate than in the past years, giving further way to Strategy, Process and Efficiency consulting.

Export of consultants and consulting services will be a stable feature of Hungarian consulting in the coming years as long as the gap between local fees and European consulting fees will continue, but shortages in the professional labour market will increase also.

This country profile has been prepared based on the estimates provided by the Hungarian Management Consultants Association (VTMSZ). VTMSZ was formed in 1991 to represent the management consultancy industry to its clients, the media and the Government. The association supports its members by training, education, networking and public relations. VTMSZ is a member of FEACO (European Federation of Management Consultancies Associations) and ICMCI (International Council of Management Consulting Institutes).

National Association



**Association of Management Consultants
in Hungary-VTMSZ**

www.vtmsz.hu

ITALY

Key data on the Management Consulting industry

TURNOVER

3,832 Mln. € in 2016	(+8.0%)
4,131 Mln. € in 2017	(+7.8%)
Forecast:	
4,474 Mln. € in 2018	(+8.3%)

EMPLOYMENT

41,724 employees in 2017
• 86% professionals
• 14% staff

TURNOVER/PROFESSIONAL

115,000 € per year (avg. 2016-18)

In Italy, according to the OECD Outlook 2018, "growth is projected to edge down to 1.4% in 2018 and 1.1% in 2019. Exports and business investment are increasingly driving the recovery. Private consumption growth will moderate due to waning job growth and weaker household purchasing power due to rising inflation. Consumer price inflation is edging up as excess capacity narrows and will accelerate in 2019".

Presently the Italian economic trend and the Italian Government policies are at the centre of a dispute with the EU. According to European Economic forecasts: "after solid growth in 2017, Italy's economy slowed down over the first half of this year as exports and industrial production

weakened. A recovery in exports and higher public spending are expected to support growth moderately over the forecast period. However, the associated rise in the government deficit, coupled with higher interest rates and substantial downside risks, endangers the reduction of Italy's high debt-to-GDP ratio".

In 2017, the Management Consulting market in Italy was around €4.1 billion with an increase of 7.8% from 2016 and an expectation of a further 8.3% in 2018. Such a growth has been mainly driven by the large consulting firms, which have seen their turnover increasing by 10.4% in 2017, with a forecast of 11% growth in 2018. In 2017, MC employment grew by 6% and it is expected

ITALY

to have a higher growth (+7.3%) in 2018. Such a growth is strongly related to the large consulting companies whose employment increased by 10.7% in 2017 and is expected to increase by 13.8% in 2018. In 2017 MC companies hired overall more than 3,000 fresh graduates.

While the MC market in Italy is highly fragmented with about 20,000 consulting firms, over 85% of which employ fewer than three persons, the MC industry turnover appears to be highly concentrated: the largest 35 firms represent more than 50% of the total Italian MC turnover, while 18,000 micro MC companies represent only around 20% of the overall turnover.

Considering the service lines, IT and Operations together represent almost 35% of the Italian MC market and these are the two sectors that have been growing at the highest rate. Finance & Risk as well as Strategy still represent two very important consulting areas (respectively roughly 26% and 17% of the overall MC market) even though they are growing at a much slower rate. In 2017, 55% of the MC demand has come from Services, mainly from Financial Services and Telecoms & Media. The Manufacturing sector – both consumer and industrial – represents 35% of the Italian market, with Public Administration (including the health sector) representing slightly less than 10% of the market. In the past five years, the Service sector has been the main driver of the overall growth of the MC industry. Consulting to Public Administration has declined and then recovered, with a 2017 turnover just slightly above that reached in 2010. In the past three years, consulting projects related to Industry 4.0 have contributed greatly to a relevant growth of the consulting projects in the manufacturing sector.

The consulting activities supporting digital transformation processes have been the major driver for the recovery of the MC industry in Italy. In 2017 over 95% of large consulting companies were heavily involved in supporting the adoption of new digital technologies, with a growing relevance of projects related to big data, business analytics and Industry 4.0. At the same time only 60% of medium size and 32% of small size MC companies had a significant share of their turnover linked to digital transformation

projects. There is a strong “digital divide” among MC companies that, by engaging with digital projects, grow their turnover and MC companies that, by not investing in digital transformation, see their turnover flat or even decreasing.

From 2008 to 2013 the Italian MC industry has been affected first by a decline in turnover and then by stagnation. Starting from 2014, the MC industry has been growing strongly. However such a turnaround has determined a deep change in the structure of the industry; there is a significant decrease in the average price level of consulting services, compensated by an increase in the employment/working hours. There has also been a significant selection among micro consulting companies and a reinforcement of the large players, in a marketplace where not all the companies (especially the micro consulting firms) have the expertise required in the digital arena. The evidence from 2017, as well as the forecast for 2018, underline that these changes are structural and are expected to continue for the next few years.

This country profile has been prepared by Assoconsult.

Assoconsult is the Italian association of consulting companies, established in 1997 and based in Rome. The association has as its members roughly 120 consulting firms of any size representing overall more than 50% of the MC turnover in Italy. Assoconsult is committed to setting the standard for consulting practice in Italy. It develops themed meetings, conferences, knowledge-exchange initiatives, work groups, research projects, networks and events for its members.

Assoconsult is part of Confindustria (the main Italian Association of Private Enterprises), and FEACO (the European Federation of Management Consultancies Associations).

National Association



ASSOCONSULT- Italian Association of Management Consulting Firms

www.assoconsult.org

SLOVENIA

Key data on the Management Consulting industry

TURNOVER

256 Mln. € in 2016	(+4.7%)
259 Mln. € in 2017	(+1.2%)
Forecast:	
262 Mln. € in 2018	(+1.0%)

EMPLOYMENT

2,690 employees in 2017
• 91% professionals
• 9% staff

EXPORT

72% of the overall MC turnover

TURNOVER/PROFESSIONAL

105,000 € per year (avg. 2016-18)

In Slovenia, according to the OECD Outlook 2018, "The economy is projected to continue its strong expansion in 2018, growing at 5% in 2018 and nearly 4% in 2019. Private consumption will be boosted by strong real income growth from the buoyant labour market. Favourable financial conditions and EU structural funds will underpin business and public infrastructure investment. Exports will decelerate as higher wages undermine external competitiveness. Imports will be bolstered by higher domestic demand and tighter capacity constraints".

The economic situation is marked by a quite high growth rate. Investments, mainly linked to export sectors, and final consumption have

been steadily increasing. In 2017 the average inflation rate was at 1.8% and is expected to reach 2.1% in 2018. Employment in most sectors has continued to grow and unemployment rate ended at 8.2% (7.7% predicted for 2018). Average salary increased by 3.5%. Due to a lack of certain industry workers' profiles it is expected that the employment growth rate will calm down.

Generally, the situation seems to be quite favourable. However, economic development has not shown the same results in all sectors. Due to a lack of government action (pre-election year) infrastructure projects remained in their (early) preparation phase which was prolonged into late 2018. The newly elected government has only

SLOVENIA

started its work, while uncertainty and delays negatively impacted on business development and also some consulting firms.

The Slovenian Management Consulting industry is mostly small scale and is therefore quite vulnerable, according to the market situation and trends. The MC consulting market has not fully recovered yet and, under such a scenario, consulting prices rose but to a limited extent. Both daily fees and success fees remain rather stable. Clients remain very demanding and in general expect agile and innovative consultants with fast solutions more and more supported by specialised knowledge.

MC turnover reached almost €260 Million in 2017 and is expected to grow by 1% in 2018. Employment stayed almost at the same level and the same is expected for 2018.

Digital transformation has become an increasing service field, while development of sustainability projects is quite stable at the moment but is expected to grow.

This country profile has been prepared by AMCOS.

AMCOS – Association of Management Consulting of Slovenia was founded 23 years ago and represents more than 80 Management Consulting companies.

National Association

AMCOS
Association of Management
Consulting of Slovenia

**Association of Management
Consulting of Slovenia**
<http://amcos.gzs.si>

SPAIN

Key data on the Management Consulting industry

TURNOVER

2,045 Mln. € in 2016 (+12.0%)

2,209 Mln. € in 2017 (+8.0%)

Forecast:

2,430 Mln. € in 2018 (+10.0%)

EMPLOYMENT

20,459 employees in 2017

- 85% professionals
- 15% staff

EXPORT

23% of the overall MC turnover

TURNOVER/PROFESSIONAL

128,000 € per year (avg. 2016-18)

In Spain, according to the OECD Outlook 2018, "after expanding at over 3% in the past three years, the economy is projected to grow at a robust, but more moderate, pace in 2018 and 2019. Favourable financial conditions and strong job creation will continue to support private domestic demand. Net exports will also contribute positively to GDP growth. Inflation will remain moderate as unemployment remains high".

In 2017 the Spanish Economy continued to grow for the fourth year in a row after some years of stagnation due to the 2008 economic crisis. The GDP's expansion, which amounted to 13% in cumulative terms since the start of

the upturn in 2014, provided rapid growth in employment and a significant reduction in the unemployment rate.

In this scenario, the Spanish Management Consulting Industry is going through a very fast growth phase. The MC industry has experienced an 8% growth in 2017. Consulting companies have shown the dynamism of the sector in recent years, driven by the processes of digital transformation on which companies from all sectors are focused. Spain is immersed in a process of digital transformation that has been demonstrated to be essential for private companies and public administrations to provide services.

SPAIN

The recovery of the MC market has been made possible due to projects related to Technology, which represent 46.8% of the MC turnover, since companies have had to ask for consultancy in order to adapt to new outcomes and business models. New technologies such as Data Analytics, Cloud Computing and Cyber security have been the main sources of income for the MC industry in 2017, closely followed by RPA (Robotics Process Automation) and technologies related to IoT (Internet of Things).

Regarding MC Industry trends, the average daily fees for MC activities have increased in 2017 when compared to 2016 figures, as relevance and frequency of projects related to digital transformation have increased. Interestingly enough, the number of consulting contracts that are success-fee based and the relevance and frequency of projects related to the environment or sustainability, have remained stable over recent years.

In relation to employment, the Spanish MC industry accounted for almost 20,500 employees in 2017 (full-time equivalent), 85% of whom are professionals and 15% staff, a figure that is 5.4% higher than the previous year, and is expected to grow an additional 6% in 2018.

Not only are consultancy firms creating new skilled employment, but they also invest more than three times as much in ongoing training compared to the average for other industries. Although this investment in training and other professional opportunities attract qualified profiles to the MC Industry, it has revealed a recent difficulty in finding profiles suited to digital market demands in the current labour market, with pressure placed on the educational sector to adapt their programmes to the new digital world in the near future.

In relation to export services, the domestic market continued to be the main driver for turnover growth in 2017, representing 77% of the overall turnover. For the remaining 23% turnover, the Latin American Market (LATAM) continued to be the market in which Spanish MC firms have most presence.

Digital transformation affects all sectors of the economy. However, economic investment and adaptation rate vary, influencing the demand for IT consultancy services from different industries. Regarding the sector distribution of MC industry clients, in 2017 major client industries were Financial services (33.2%) as they experience the greatest demand, followed by Public Administration (18.6%) and Telecoms and Media (12.9%).

While in the past years Data Analytics, Cloud computing and Cyber security have been the biggest income sources for the sector, it is forecasted that some changes will happen, with the most important revenue sources being Data Analytics, AI, Robotic Process Automation (RPA) and Cyber security.

Market structure in 2018 is expected to be basically unchanged. Financial services will continue to be the largest source of revenue for consultancy services, Public Administration will have a small rise in its relative contribution, and Telecoms and Media a slight decrease in weight, but not significantly. No major changes are expected in other sectors.

This report has been provided by AEC – Asociación Española de Empresas de Consultoría AEC, the Spanish Association of Consulting Companies is a national, Madrid-based, non-commercial organisation, which represents the major IT Consulting companies (their main activities include outsourcing, IT development and integration) as well as major Management Consulting companies in Spain. Originally created in 1977, within a federative organisation of different associations, the AEC was constituted with its own legal personality in 1992. As of 2017, 24 Companies are active members of the AEC, representing more than 70% of the Management and Technology sector.

National Association



Spanish Association of Consulting Companies

www.consultoras.org

SWITZERLAND

Key data on the Management Consulting industry

TURNOVER

1,940 Mln. CHF (1,765 Mln. €) in 2016 (+9.0%)

2,050 Mln. CHF (1,845 Mln. €) in 2017 (+5.7%)

Forecast:

2,190 Mln. € CHF (1,895 Mln. €) in 2018 (+6.8%)

EMPLOYMENT

6,830 employees in 2017

- 90% professionals
- 10% staff

EXPORT

13% of the overall MC turnover

- 83% within the EU
- 17% outside the EU

TURNOVER/PROFESSIONAL

333,000 CHF (287,000 €) per year (avg. 2016-18)

In Switzerland, according to the OECD Outlook 2018, "Growth is projected to become more broad-based during the projection period as the weak domestic economy gradually accelerates. The worldwide recovery will continue to support exports. Inflation will remain subdued and is projected to exceed 1% only at the end of 2019. The large current account surplus will persist".

The Swiss economy keeps growing with a positive outlook for 2018, in spite of the incoming challenges related to its relationship to the EU and the trade agreements.

The MC industry, after an average growth around 10% between 2014 and 2015, has been

growing around 6% in 2017, with a forecasted 6.8% growth in 2018. Digitalisation is a top driver of the demand side but also efficiency improvements, agile/change management and regulatory/compliance services are driving the growth of the MC industry. Digitalisation is not limited to Industry 4.0 but it has expanded across many themes, namely Cyber Security, Blockchain, Advanced Analytics, Machine Learning - Artificial Intelligence and, more in general, Digital Transformation.

In 2017, MC employment was around 6,800 people and a significant growth is also expected for 2018 (+7%), showing that MC firms are consolidating the growth achieved in the

SWITZERLAND

previous years. Large consulting companies (i.e. with 50 or more employees), while limited in number, account for roughly 75% of the overall employment in the industry. There is currently a “war for talent” going on. More and more women are in the MC profession, also as a result of a greater care for Work-Life-Balance issues.

Analysis by service line highlights the predominance of Strategy, representing a 29% share of the market.

In terms of client industries, Financial Services represents the largest share of the Swiss MC turnover (35%), including Banking (24%) and Insurance (11%). The second group of client industries is represented by Consumer & Industrial Products (24%), including the Pharma sector (15%). Consulting to the Public sector represents 7% of the market but it is declining.

The geographic scope of Swiss consulting firms is mainly domestic (87.5%), with exports to EU countries comprising 10% of the total MC turnover and exports outside the EU 2.5%.

This report has been prepared based on information provided by ASCO: Association of Management Consultants Switzerland.

ASCO is a co-founder and member of FEACO, the European Federation of Management Consultancies Associations (Fédération Européenne des Associations de Conseil en Organization) based in Brussels and a member of ICMCI, the International Council of Management Consulting Institutes, the global association for quality assurance in MC firms.

National Association



Association of Management Consultants Switzerland

**Association of Management Consultants
Switzerland (ASCO)**

<http://www.asco.ch>

UNITED KINGDOM

Key data on the Management Consulting industry

TURNOVER

8,800 Mln. £ (10,700 Mln. €) in 2016 (+4.8%)

9,200 Mln. £ (10,500 Mln. €) in 2017 (+4.8%)

Forecast:

9,650 Mln. £ (11,000 Mln. €) in 2018 (+6.8%)

EMPLOYMENT

64,470 employees in 2017

- 92% professionals
- 8% staff

TURNOVER/PROFESSIONAL

149,000£ (173,000€) per year (avg. 2016-17)

In the United Kingdom, according to the OECD Outlook 2018, "Economic growth is projected to remain modest at 1.4% in 2018 and 1.3% in 2019, owing to high uncertainties about the outcome of Brexit negotiations. There is little slack in the economy following years of strong growth, and unemployment is projected to remain below 5%. Inflation is projected to fall gradually to slightly above the 2% target of the central bank by the end of 2019".

The Government's travails on Brexit are well documented and the range of commentary on the UK's prospects varies enormously. All these uncertainties have a negative impact on the UK Management Consulting market.

The British MC market, while the second largest in Europe with around £9.2 billion, in 2016 and 2017 has seen its growth almost halved: it was increasing on average by more than 8.0% per year since 2013, while starting from 2016 it has grown by 4-5%. The business climate for consulting remains challenging: some consulting firms have done well thanks to clients' support in requests for preparing to Brexit, others have performed very poorly.

MC firms are employing almost 65,000 employees, approximately 92% of them are professionals and 8% are supporting staff. A large share of the industry employment is represented by consultants specialised in digital technologies/digital transformation.

UNITED KINGDOM

With regard to service lines, digital consulting remains the largest service with a 28% market share. Operations consulting is the second largest service line. Sales and Marketing, Environmental, Business Transformation and Human Capital service lines have also grown.

In terms of client industries, the largest part of the UK's MC turnover is represented by Financial Services (29%), followed by the Public Sector (25%); the latter remains the second largest service line and in the adjustment has grown in terms of share.

In spite of these uncertainties, there is a clear trend in the intensification of digital-related projects. Many MC companies are investing more heavily than ever in disruptive technology, including AI and virtual reality. They have provided extensive commentary on how these technologies, as well as other related endeavours, such as the increased use of drones or the modernisation (and digitisation) of transportation and other infrastructures, could affect a productivity revolution in the UK.

Such a trend towards more digital technologies could impact on consulting itself. The near-term implications of this for the human resourcing of the consulting industry are as yet unclear. Evidence does not suggest that these new capabilities will remove the need for human staff in many areas or that there would be significant shrinkage of the industry. Indeed, some argue the contrary. However it is clear that the analytics requirements characterising consulting projects can increasingly be delivered by technology. This calls into question the scalability of some projects in human terms and may even ask exacting questions of larger firms' recruitment strategies. Moreover there is trend towards diversifying the support techniques, potentially producing a wider range of narrower advisory specialisms. Clients want expertise. They also have complex needs. Hence, the ability of a single firm, even a large one, to fulfil client requirements is constrained. Specialisation is thus paradoxically driving partnerships and the creation of advisory ecosystems, across consulting and beyond. The strong growth

performance of niche experts, often operating in areas at the margins of 'traditional' consulting, such as marketing and brand, indicates how important and potentially lucrative specialisation can be. At the same time the traditional pyramidal model of large consulting firms faces disruptive threats, especially at the entry level, from automated analytics and from the desire on the part of management, wherever possible, to break the link between growth and human resource expansion. The medium-sized firms are facing even harder times and a strong pressure to change.

This country profile has been developed based on the questionnaire provided by the Management Consultancies Association (MCA) and the estimates on the MC industry are based on their data considering that the MCA represents approximately 50% of the UK Consulting industry. The MCA is the representative body for management consultancy firms in the UK and has been at the heart of the UK Consulting Industry since 1956. The Association represents around 60 of the UK's leading management consultancy firms. The MCA's mission is to promote the value of management consultancy both for the economy and society as a whole. The MCA's member companies work with over 90 of the top FTSE 100 companies and almost all parts of the Public Sector. The UK Consulting Industry is among the best in the world and a vital part of the business landscape.

National Association

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The Management Consultancies Association

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