

EXTRACT

# THE INDIA CONSULTING MARKET IN 2016



Including market sizing data, growth rates, current market trends, and forecasts

# EXECUTIVE SUMMARY



- By almost any objective global measure, the Indian consulting market had a great 2015, growing 11% to reach a value of \$1,872m. Those consultants operating on the ground, however, were as likely as not to express disappointment with the market's performance, stressing that things would be moving even more quickly were the Modi government living up to its promises of wide-ranging reform. Still, it's hard to argue that it wasn't a good year, and even the most pessimistic consultants seemed ready to concede both that 2016 is looking up and that 2017 is poised to be even better.
- Digitisation and government efforts to increase direct foreign investment have contributed to accelerated globalisation of the Indian market. Domestic clients are maturing rapidly in the face of increased competition from abroad, resulting in greater consulting demand—often aimed at improving competition and professionalisation. Meanwhile, a growing economy and slowly improving business climate are indeed attracting more foreign investment, giving firms increased opportunities to help foreign multinationals (MNCs) navigate the market. Globalisation also means increased exposure to a risky world, but most clients and consultants are betting on the benefits of a shrinking world outweighing the dangers.
- This market remains largely polarised between high-value strategic work on one end and low-cost technology work on the other, leaving consultants tantalised by the prospect of an as-yet unrealised demand for the many consulting projects that fall between the two. Digitisation—which is helping technology to step out of its box and spread across all service lines—is going a long way towards filling in that missing middle ground, though a growing demand for end-to-end projects is starting to contribute as well.
- Despite a rapid growth in consulting demand, prices remain stalled at very low levels, making profitability tough. Firms are trying a number of approaches to ease the pressure, including focusing their efforts on winning the market's most sophisticated projects, building stronger relationships, and adjusting their model to allow them to deliver quality work at prices that clients will find more palatable while protecting their own margins.
- The financial services industry remains the market's biggest buyer of consulting services by a substantial margin, with digitisation and a flurry of new bank permits driving demand. Technology, media & telecoms is the fastest growing consulting market, with consultants benefitting from a drive to improve telecoms infrastructure and interest in better customer experience.
- Technology and strategy are by far the biggest consulting service lines, and they're also the fastest growing. Operational improvement and risk & regulatory are also growing nicely as clients develop an interest in a wider range of consulting services.

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# METHODOLOGY

## Definitions

Our definition of management consulting includes a broad range of business advisory services, but excludes: tax advisory; audit; the implementation of IT systems; the delivery of outsourced/offshored services; and HR compensation/benefits administration and technology. Where mergers and acquisitions work is concerned, consulting on deals is included (under strategy), but corporate finance fees on deals themselves are generally not included although it is not always straightforward to separate the two.

For more information about how we classify consulting services and industries, please see “Definitions of industries and services”.

## Sources

Our report is based on quantitative and qualitative research of consulting firms in India. The quantitative data contained in this report focuses on consulting done by mid- and large-sized consulting firms (those with more than 50 consultants) and typically includes work they have carried out for mid- and large-sized clients—what we at Source call “big consulting”. It therefore reflects the “addressable” market for the majority of mid- and large-sized consulting firms; we don’t try to track the long, thin tail of work done by very small firms for very small clients, nor the contractor market, as most readers of this report would not seek or be able to compete with this part of the market. Our analysts work out the addressable size of the market through desk research, identifying the number of firms that meet our criteria and extrapolating from that to reach a figure for the market as a whole.

Using this definition, Source has built a bottom-up model of the global consulting market from the information we get from consulting firms and our own research, and we use it to size the industry and its growth rates. This is based on our global model which contains detailed data about almost 1,600 firms, plus higher level estimates about a further 400,000 firms, all with more than 50 consultants apiece, in addition to primary research carried out by Source analysts.

Please note that our 2014 baseline figures have changed a little since last year, as we have refined and implemented improvements to our research methods. We adjust the metrics in our model to try and counter the effect of currency fluctuation in order to get a sense of true consulting growth, with as much noise from external sources filtered out. Specifically, we understated the size of the manufacturing industry due to these changes in our research methodology. We have also re-classified firms taking into account their current rather than their historic portfolio of services, and this has changed the mix of firm types. We are happy to provide subscribers with a restated set of 2014 baseline figures should this be of interest.

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

All figures given in this report are in US dollars. For reference Source is using the following exchange rates in our reports this year:

- **US dollar to British pound**      **\$1 = £0.66**

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- **US dollar to euro**                **\$1 = €0.88**

In addition to our quantitative research, we interviewed 15 very senior consultants (typically the most senior person in their country) from most of the leading consulting firms in the country and many smaller local specialists to understand more about how the consulting market is performing, and what the major trends, changes, and challenges are. Throughout the year Source analysts remain plugged into the global consulting market through our bespoke research and consulting projects, adding further depth to our understanding of the consulting industry.

# Definitions of industries and services

## Industries



### Energy & resources

#### Energy

Includes the exploration and production of energy, including oil, gas, coal, and renewables.

#### Utilities

Includes the delivery of electricity, gas, water, sanitation, and other related services.

#### Primary resources

Includes agriculture, chemicals and chemical products, commodities, forestry, fishing, metals, mining, and plastics.



### Financial services

#### Banking

Includes retail banking, commercial banking, and lending.

#### Insurance

Includes general insurance (e.g., motor, home, pets, health—anything on an annual contract), life insurance, pension products, retirement planning.

#### Private equity

Includes both consulting work for private equity firms and consulting work with private equity portfolio businesses.

#### Capital markets

Includes investment banking, trading of stocks and financial products, corporate finance, and broking.

#### Investment and wealth management

Includes private banking, high net-worth banking, investment management, trust funds, the management of pension funds, and asset management.



### Manufacturing

#### Aerospace

Includes space research and technology, the manufacture of aircraft, aircraft parts, rockets and other space equipment, and tanks and ammunition.

#### Automotive

Includes the manufacture of motor vehicles, industrial vehicles, and vehicle supplies and parts.

#### Construction

Includes surveying, architectural, and engineering services, heavy construction, house building, and the building of infrastructure.

#### Consumer packaged goods

Includes the manufacture of clothes, foods, alcohol, tobacco, furniture, home furnishings, cleaning products, small arms, children's toys, and sports equipment.

#### Consumer and industrial electronics

Includes electrical components, household and industrial appliances, commercial and professional equipment.

#### Industrial products

Includes industrial machinery, steel and metal products, and plastic products.



### Pharma & biotech

Includes research into and the production of drugs, biological products, medicinal chemicals, and life sciences.



### Healthcare

Includes private and publicly-funded healthcare, hospitals, laboratories, and medical equipment.



### Public sector

#### Government

Includes federal/national, state/regional, local government, emergency services, justice, social services, public transport, and conservation.

#### Education

Includes public and private schools, universities, and libraries.

#### Defence

Includes national security and consulting around defence issues.



### Retail

Includes the selling of clothes, food, consumer goods, and automobiles.



### Services

#### Logistics

Includes warehousing, storage, packing and crating, and distribution including cargo, freight, and haulage.

#### Business services

Includes services relating to law, accountancy, IT maintenance, security systems, advertising, employment agencies, and vehicle leasing.

#### Leisure

Includes museums, art galleries, theatre, golf courses, hotels, hospitality, travel agencies, restaurants, and bars.

#### Real estate

Includes estate agencies and operators of residential and commercial buildings.

#### Transportation

Includes private and people-related transportation, including airlines, airport management, train operators, rail infrastructure management, water transportation, courier services, and private bus services.



### Technology, media & telecoms

#### Telecoms

Includes telephone, mobile, digital, and other communication services.

#### High-tech

Includes IT related devices, computer and computer related devices, audio and video equipment, broadcasting and communication equipment.

#### Media

Includes radio, television and digital broadcasting stations and services as well as printing and the publishing of newspapers, periodicals, and books.

## Services



### Financial management

*Includes finance function and budgeting/financial planning process.*



### Risk & regulatory

*Includes responding to regulation, technology and security risk services, operational risk, financial risk, programme risk.*



### HR & change management

*Includes HR strategy and effectiveness, benefits, compensation and pensions, change management, internal communications, organisational design and culture, stakeholder management, team effectiveness and collaboration, leadership and governance, performance management, talent management/training and development.*



### Operational improvement

*Includes business continuity and recovery, knowledge management, Lean and Six Sigma, property and estate management, quality and performance management, supply chain management, cost-cutting, innovation, M&A integration, managing quality, post-M&A integration, process design and re-engineering, procurement/purchasing, research and development, benchmarking, distribution strategy, environmental, sustainability and CSR, and operational review.*



### Strategy

*Includes business and financial modelling, corporate re-structuring, corporate recovery and turnaround, corporate strategy, market analysis and strategy, market research, policy formulation, strategic sourcing/offshoring strategy, due diligence and valuation, infrastructure/asset financing and management, PFI, mergers and acquisitions, customer service, new product development, branding, marketing and channel management, customer relationship management, pricing, sales force effectiveness, category management, sales and distribution planning.*



### Technology

*Includes ERP consulting, IT training, application of new technology, hardware/software selection, IT design and build, IT strategy, planning and review, IT testing and integration, management information and business intelligence, requirements definition, mobile and internet consulting, project and programme management (e.g., where consulting firm has been engaged to run a specific project that it is otherwise not involved in).*

# CONTRIBUTORS

We are extremely grateful to all the people we spoke to for making this report possible. Below is a list of the individuals who have contributed from consulting firms (some consultants choose to remain anonymous).

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## *Alastair Cox*

Alastair is an Analyst at Source and plays a key role in the development of our Consulting Market Programme reports. Prior to joining Source, Alastair worked as a management consultant with PwC, working on a multitude of projects across a number of different industries and service lines. He graduated from the University of Bath with first-class honours in French and Spanish with European Studies, and spent a year working in Paris and Valencia as part of his degree.



## *Edward Haigh*

Ed was Source's first employee and is now a Director of the business. Prior to joining Source in 2008, he spent seven years in various marketing roles for Sony Europe, followed by a spell as Marketing Director for a small start-up venture. Ed oversees Source's strategic marketing activities, writes many of our reports and speaks regularly to domestic and international audiences about the consulting market.







## How to subscribe

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For more details about how you can subscribe please contact [Alice Noyelle](#).

Reports for different regions vary in length but the content includes:

- Overall description of the market in the region/industry

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- Data for the consulting market:
  - Regional report: by industry, service, and firm type
  - Industry report: by sector, service, and geography

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- High-level breakdown:
  - Regional report: by geography within region
  - Industry report: by sector within industry

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- Discussion about the current state of, and prospects for, the consulting market:
  - Regional report: by industry, service, and firm type
  - Industry report: by sector, service, and firm type

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- Analysis of the key challenges and opportunities in the market

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- Feedback from clients in selected regions

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- Growth forecasts

Please note that this content is subject to slight changes and amendments

## 2016 Consulting Market Programme research schedule

February	UK	August	India
March	Nordics	September	Brazil
	France		Africa
April	GCC		Energy & resources
	Benelux	October	China
May	US		Financial services
	DACH		Healthcare
June	Eastern Europe	November	South East Asia
	Russia		Technology, media & telecoms (TMT)
July	Spain		
	Italy		
	Australia		

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## About Source

Source Global Research is a leading provider of information about the market for management consulting. Set up in 2007 with offices in London and Dubai, Source serves both consulting firms and their clients with expert analysis, research, and reporting. We draw not only on our extensive in-house experience but also on the breadth of our relationships with both suppliers and buyers. All of our work is underpinned by our core values of intelligence, integrity, efficiency, and transparency.

Source was founded by Fiona Czerniawska and Joy Burnford. Fiona is one of the world's leading experts on the consulting industry. She has written [numerous books](#) on the industry including [The Intelligent Client](#) and *The Economist* books [Business Consulting: A Guide to How it Works and How to Make it Work](#) and [Buying Professional Services](#).

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