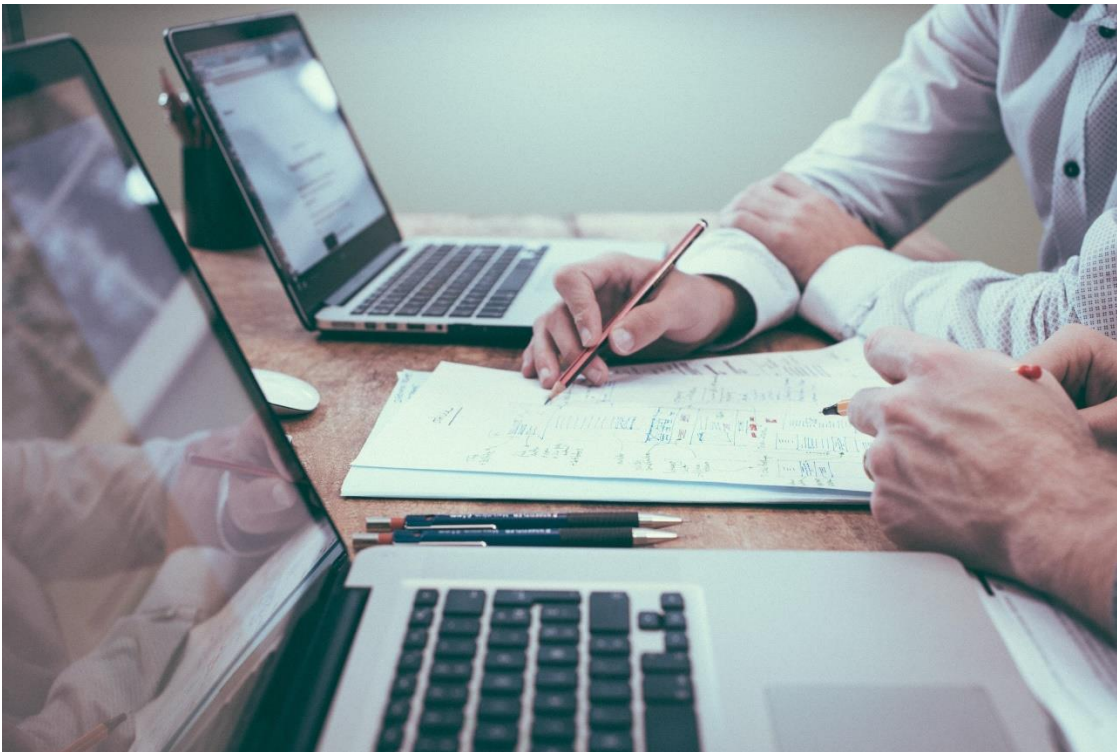


European management consulting market

27 January 2026

Interviewee

Isabella Calderon Hoyos, Partner



Market Fragmentation and Scaling

Question: What level of fragmentation/consolidation do you see in the management consulting market?

Answer: The general industry is highly fragmented, but it is consolidated at the top. If you look at the generalists, you have the "Big Four"—PwC, EY, KPMG, and Deloitte—along with players like Accenture. Strategy consulting also shows high consolidation at the top with firms like McKinsey, Bain, and BCG.

However, in specific niches or functional specializations, there is a fragmented space of many players. Even there, you see consolidation at the top; for example, OMMAX is one of the biggest players in Germany and Europe within the tech, data, and AI niche.

The barriers to entry are not high because it is a "people business"—you essentially just need talented people and a laptop. However, the barriers to *scale* are significant. To scale, you need reputation and credentials to attract the right people, and you need those people to further build the reputation. This difficult "circle" of scaling is why the market remains so fragmented at the bottom.

Consolidation and M&A Dynamics

Question: Even though there is a lot of fragmentation, do we see consolidation efforts? For example, large players acquiring a lot of small competitors?

Answer: Absolutely. Large firms are constantly acquiring. The Big Four, for instance, acquire hundreds of firms globally every year to show growth. This is particularly relevant in Europe and Germany, where the last few years have been difficult and organic growth has been limited.

At OMMAX, we look at M&A through two verticals:

1. Gaining new geographies with a similar business model.
2. Acquiring adjacent services in existing geographies to complement the offering.

Trying to do both simultaneously—new geography and new service—is very difficult to integrate. Because these are "people assets," leadership skills are extremely important. Everything might work on paper, but in real life, you must motivate and retain the talent. While M&A processes include retention schemes (usually spanning 3 to 5 years), the goal is to create a culture that makes people stay longer.

Evaluating "Failed" Integrations

Question: Can failed acquisitions still be considered successful as in “ultimately, you eliminated a competitor”?

Answer: Yes, absolutely. You gain the momentum of the other players and eliminate competition. Usually, an integration is classified as "failed" when the people leave. However, since we are talking about individuals, this often isn't transparent to the outside world. Internally, you notice that key people are leaving, but the external perception remains intact because the public doesn't know who those key individuals were.

We have seen this with high-stakes acquisitions. Even if people left years later, these transactions allowed those big companies to form new brands and enter the "top league" of strategy consulting, which was difficult for them to do previously. Even if you lose the talent internally, you still acquire the clients, and those clients often stay beyond the departure of specific people.

Main Industry Players

Question: How about the main players in the industry – who are these?

Answer: You have the typical large US firms like McKinsey and BCG, as well as European ones like Roland Berger. Beyond that, it becomes very niche-specific. You have to differentiate between industry coverage (e.g., highly regulated sectors like healthcare or financial services) and methodology/service coverage (e.g., OMMAX focusing on tech, data, and AI).

This is where the fragmentation reappears. While a Managing Director can easily leave a firm, take a team, and start a boutique, those boutiques often hit a "ceiling". The most difficult part for them is scaling to acquire larger customers who provide stable revenues and multi-year contracts.

Choosing Between Generalists and Specialists

Question: In terms of the competitive environment – what matters for customers when deciding between a generalist and a small niche-focused consultant?

Answer: Several factors matter. Size is one, and geographical coverage is another. A large, multi-country client usually wants a consultancy that can deliver in every country to ensure project success.

Language also remains a barrier. Even at the C-level where English is common, clients often feel more comfortable speaking their native language and will choose providers that offer local language support in specific countries. These factors act as barriers to scale for smaller players.

Question: If you have two players of comparable size, but one is a generalist and one is a specialized player – why would a client choose the specialized player over a well-known generalist?

Answer: It often comes down to reputation, relationship, and trust. While people talk about price, project success is ultimately more important. We win because of our experts and our credentials. We can show that we have done similar projects thousands of times with the same team.

In a big company, you might see 50 faces on a slide during a pitch, but you don't know who will actually deliver the project. In smaller, specialized companies, you can ensure that the person who did the pitch is actually the person who will be your day-to-day contact and project lead.

Customer Relationships and Revenue Models

Question: Switching to customer relationships – how long does it take to build customer relationships and how long do they last?

Answer: Ideally, you start building these relationships four to five years before you even become a partner. The difficulty in consulting is that it's project-based; you don't usually have multi-year contracts, so you must win the client over for every single project. This requires personal relationships and trust—the client needs to know you will make their project a priority.

Relationships can last six or seven years, but it takes constant stakeholder management and excellent delivery. Many firms are now trying to move toward longer-term contracts. At the "tip of the iceberg" is transaction advisory, with very short, 2–6 week projects that make revenue visibility difficult.

To counter this, firms like OMMAX offer "strategy to implementation" because implementation can be multi-year. We are also moving toward managed services, recurring revenues, or software-like products in areas like data analytics and dashboarding to create a more stable business.

Question: Do you try to then do cross-selling with existing clients to continue customer partnerships?

Answer: Exactly—cross-selling, up-selling, and cross-pollination of ideas across projects. In the IT services space, offering software pieces for a monthly fee creates the type of recurring revenue you want because it makes planning easier and increases the valuation of the company. You have to differentiate between "reoccurring" (a client returning) and "recurring" (contractually fixed monthly/yearly revenue). The latter has a much more positive impact on valuation.

Question: How much of your sales is reoccurring from repeat clients and how much from new clients?

Answer: Ideally, you pursue an 80/20 balance: 80% from reoccurring customers and 20% from new ones. It is easier to grow an existing account than to acquire a new one—the classic "farming and hunting" dilemma. However, you still need "new logos" (new customers) in new geographies or services to remain healthy. This share depends on the company's size and growth stage; very large companies naturally have a smaller share of new logos.

Project Timelines and Pricing

Question: How long do projects take on average?

Answer: It varies significantly. An implementation-driven strategy project might take six to eight weeks, whereas a strategy project from a larger consultancy might take six months. Implementation or PMO (Project Management Office) work can span many months depending on the industry.

Question: Is pricing very important when choosing providers?

Answer: Clients usually shortlist two or three providers to pitch against each other. Once you are on that shortlist, pricing is usually similar—often within a 20% difference. Pricing is important because it limits the pool of providers a client will approach initially based on their budget, but it's rarely the only factor once the pitch starts.

Profitability Drivers and Margins

Question: Now in terms of operations, what are the main drivers of profitability?

Answer: The main drivers are utilization, pricing, and tech enablement.

- **Utilization:** As a people business, you want consultants working project after project with minimal downtime.
- **Pricing:** Many agencies still use "time and material," but to scale profitability, you want fixed pricing (weekly rates or project phases). This works best when the scope is clear and uncertainty is low.
- **Tech Enablement:** This involves AI, standardization, templates, and knowledge management to improve efficiency.

For a people-based business, a good company should aim for EBIT margins between 15% and 20%. Higher margins usually indicate software-like revenues.

Question: Does being specialised have an impact on profitability, e.g., tech-focused consultants?

Answer: Yes, and it also impacts growth. Large generalists often grow at slightly above inflation (5–7%), often through acquisitions. In contrast, successful specialist players can grow organically by 15–20% per year for a period of 5 to 10 years.

Agility and Regulation

Question: What makes consultants more agile in terms of project execution – does being specialised help or is it more about the size?

Answer: It's more about size. Smaller companies have fewer internal stakeholders to manage and can find the right person for a project quickly. In large firms, internal politics and regulations—like global relationship partners who must approve everything—can hinder agility. Smaller firms have a more entrepreneurial mindset where everyone is focused on "growing the cake".

Question: How do regulations affect the consulting industry?

Answer: Regulations are actually positive for us because they fuel the need for consulting. Companies need experts to stay compliant and to implement the new tools, tracking, and reporting required by those regulations.

The Impact of AI

Question: How is AI affecting the operations of consultants?

Answer: As a tech, data, and AI company, it's crucial for us. We've seen a shift: 18 months ago, people just wanted to talk about AI, but now they are ready to implement it. We also implement it internally. While we might eventually need fewer consultants for certain tasks, right now there is a surge in demand for AI implementation. It is also changing our recruitment; we now prioritize "critical thinking" even more than before.

Market Outlook and Drawbacks

Question: In terms of market outlook, e.g. growth drivers for the management consulting industry in Europe – what positive drivers do you see?

Answer: Key drivers include:

1. AI implementation.
2. Regulations.
3. Digitalization of the "Mittelstand": Many SMEs in Germany are still in the basic steps of digitalization—moving from Excel to sophisticated dashboards. This area offers massive growth potential because it's necessary to remain competitive.

But drivers come sometimes in waves, e.g.: Post-COVID, there was a surge in nearshoring and supply chain consulting

Question: What about drawbacks for the industry? Anything that could hamper growth?

Answer: The primary limiting factor is general economic growth. When GDP growth is slow, transformational projects are the first to get cut, though this creates a surge in demand for restructuring providers.

Talent is another factor. Consulting used to be the top choice for graduates, but now we compete with the startup industry. High attrition and "regretted churn" are also risks, as you want to keep the knowledge you've invested in. Furthermore, the pool of candidates is shrinking because younger generations are less interested in the long hours traditionally required in consulting.

Finally, reputation is a major risk. In the world of social media, one bad project can cause severe harm. We have seen big companies criticized in the press for using AI in projects without proper human checks in the reports.