

The Sagentix Signal

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Fragmented markets reward counted evidence, not brand

The \$219.1B U.S. management consulting category has 101,761 firms, and the top 50 together hold just 36.9% of revenue (U.S. Census Bureau, 2022). Across the border the structure is the same: of Canada's 131,671 management, scientific, and technical consulting firms, 99.6% employ fewer than 100 people, at an average revenue near \$245K (Innovation, Science and Economic Development Canada, 2025). That is the landscape your go-to-market now operates inside: no gatekeeper, no dominant incumbent, and a buyer who cannot tell the long tail apart.

When you pitched your last round, the TAM slide worked because the investor accepted the hand-wave. That contract is expiring. A diligence partner on the next round will pull your industry code, check your citation density, and test whether your addressable market filters survive a 20-minute phone call. Most do not. The reason is not laziness. It is that market sizing is treated as a theoretical math exercise rather than a counted build, the exact failure mode HBR traced across a decade of mis-sized new markets (Yoon & Deeken, 2019).

The sharper question is not *what is our TAM?* It is *what industry structure forces a buyer to pick us?* Market intelligence is the work of answering that question with numbered evidence, not a logo slide borrowed from a 2019 analyst report. The founders who do this work early compound the advantage with every subsequent conversation.

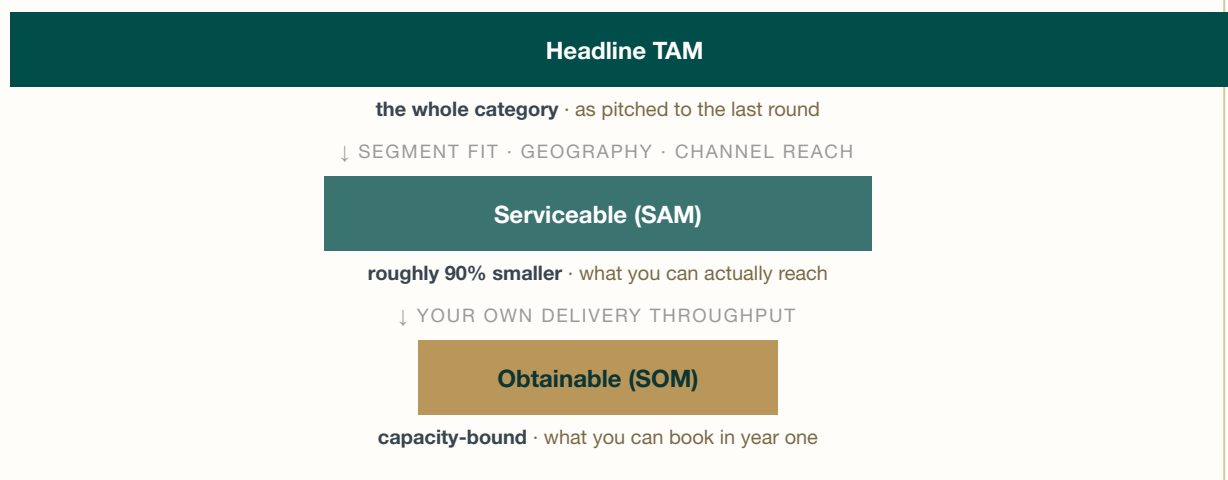
Bottom-up sizing starts at the NAICS code

Top-down sizing fails because it cannot be audited. A \$250B industry headline multiplied by an arbitrary 1% does not survive a single diligence question, and the "1% of a huge market" framing is specifically flagged as a red flag in investor-side sizing guidance ([OpenVC, 2024](#)). Bottom-up sizing starts from a NAICS code, the federal classification that defines what your buyers actually do for a living, and builds revenue from counted establishments, counted employment, and observed price points. Institutional investors prefer bottom-up models because they force the founder to count actual customers, actual pricing, and actual reach ([CB Insights, 2024](#)). Applied to Canadian software publishing, the bottom-up build surfaces \$27.9B in operating revenue in 2024, up 15.6%, with 68.8% of sales going to international clients — a category that looks nothing like the "SaaS is saturated" narrative outsiders repeat (U.S. Census Bureau, 2022).

This is the pattern we see repeat across our engagement portfolio, and it is more brutal than most founders expect. Across founder-led B2B GTM engagements, the market a founder pitches and the market they can actually book in year one routinely differ by two to three orders of magnitude. A headline billion-dollar TAM collapses by roughly 90% or more to a serviceable market once segment-fit, geography, and channel-reachability filters are applied, leaving the "whole industry" as a fraction of a single percent that is genuinely addressable. Then it compresses a second time to a near-term obtainable figure whose ceiling is almost never demand or competition, but the founder-led team's own delivery capacity. The binding constraint on first-year revenue is internal throughput, not the size of the prize (Sagentix Cross-Engagement Benchmark, 2026).

The remedy is not one number but a mapped set. The Market Opportunity Navigator argues founders should evaluate the full set of reachable opportunities before committing, rather than anchoring on a single top-down TAM (Gruber & Tal, 2023). Build the map explicitly and the SAM filters that matter (geography, segment, channel) fall out of the work instead of being assumed.

WHAT SURVIVES THE FILTERS



Widths are illustrative; the narrowing is the finding. Across founder-led B2B engagements the market a founder pitches and the one they can book in year one differ by two to three orders of magnitude — and the ceiling on the last band is almost never demand or competition, it is the team's own throughput (Sagentix Cross-Engagement Benchmark, 2026).

DECISION RULE:

If you cannot answer "which NAICS code pays you?" in one sentence, your TAM slide is not a TAM slide.

Fragmentation is the opportunity, not the obstacle

Founders read "101,761 competitors" and see a crowded market. That is the wrong read. Fragmentation is the signal that no incumbent has solved the buyer's problem at a system level, which is exactly the condition under which new categories form. Contrast two markets side by side. In worldwide security services, Deloitte held 16.6% revenue share in 2024 and had been the largest player for two consecutive years (the 2026 report has since updated this to 18.1% for 2025), dominance by any reasonable definition (Deloitte Global, 2025). In management consulting, no one holds that kind of share. When the top 50 firms control just 36.9% of a \$219.1B category, the remaining \$138B is served by a long tail of specialists, regional shops, and solo practitioners, most of whom lack the methodology rigor a diligence partner expects (U.S. Census Bureau, 2022). That is your category to claim. The move is not to out-brand the top 50. It is to own a vertical slice with evidence density nobody else can produce in the time a buyer allots.

ONE FIRM NEXT DOOR. FIFTY FIRMS HERE.**Security services — Deloitte alone****16.6%**

a single firm, 2024

Management consulting — top 50 combined**36.9%**

fifty firms

Each bar is a revenue share of its own category, not of a shared market. It takes fifty firms in management consulting to reach roughly twice what one firm holds in security services — which is why no incumbent sets the terms here. U.S. Census Bureau, 2022; Deloitte Global, 2025.

DECISION RULE:

Treat fragmentation as a category-formation window, not a competitive disadvantage.

Do this this week. Pull your primary NAICS code, or two if you cross segments. Match it to an industry profile with revenue-by-subsegment data. Rewrite your TAM slide as a counted build: establishments multiplied by average revenue multiplied by fit percentage, with the filters that convert TAM to SAM written as bullet points underneath. You will lose 60% to 80% of your headline number. You will gain a slide that survives the phone call.

The Second Signal

Competitive intelligence beats the competitor grid

Most founders still open their competitive analysis with a feature-comparison grid. The grid has checkmarks, the checkmarks favor your product, and the grid convinces no one, least of all a diligence partner who has seen ten variants of the same format this quarter. Competitive intelligence is a different artifact: a description of the market's structure, the price behavior within it, and the positions that are actually open.

Consider what a structural read produces for Canadian software publishing. The category generated \$27.9B in operating revenue in 2024, up 15.6%, and more than two-thirds of those sales went to international clients, but the long tail is dominated by very small firms and 94% of those firms have fewer than 100 employees and 49% of establishments are sole practitioners with no employees at all (U.S. Census Bureau, 2022). Feature-grid thinking produces a matrix of 3,300

rows that all look the same. Structural thinking produces a distribution: a handful of scaled platforms, thousands of sub-scale publishers, and a thin middle where productized, evidence-backed offerings can compete.

There is a timing dimension founders miss. What investors and buyers accept as a "legitimately distinct" position shifts systematically as a category matures. The same story that reads as visionary in a nascent market reads as unfocused in an emerging one, and fails diligence in a mature one (Younger et al., 2025). Competitive intelligence is therefore not a one-time grid but a quarterly category map, because fragmented markets move faster than analyst reports can track them (Sagentix GTM Methodology, 2026). The positioning implication is concrete: when your competitors are thousands of sub-scale firms and a handful of dominant platforms, name the empty middle explicitly, and time the claim to the stage the category is actually in.

From the Field

Four dispatches. Each shows the same pattern in a different slice of the market.

- **Your TAM Slide Won't Survive Due Diligence. Here's How to Fix It.** — The piece names three specific ways TAM slides die in diligence: top-down hand-waving, missing source attribution, and conflating TAM with SAM. The thesis of this issue, that fragmented markets reward evidence, depends on the reader having done the bottom-up work first. Read it before your next board pack ships with a market slide.
- **Two-Thirds Sole Proprietors: The GTM Opportunity Nobody Sees** — The piece documents a \$20B professional-services vertical split between a handful of dominant firms and thousands of sole practitioners, with a nearly empty middle. That is structural fragmentation in a form founders can act on. Read it alongside the NAICS work above.
- **100,000 Firms, Zero Dominance: What Market Fragmentation Means for Your GTM Strategy** — The blog documents the 36.9% top-50 share figure and a sustained pricing soft patch in management consulting, then translates both into positioning choices. The lesson: specialization creates defensible positioning when no incumbent dominates. If you are deciding whether to broaden or narrow, start here.
- **Canadian B2B SaaS: The \$23B+ Opportunity Window** — The piece surfaces \$27.9B in Canadian software-publishing operating revenue for 2024, up 15.6%, with 68.8% of sales going to international clients. The read: the narrative of Canadian tech decline is wrong, and Ontario concentration is a vulnerability, not just an advantage. Useful if your geographic expansion plan is still a draft.

Each dispatch points at the same underlying move. Count the market before you pitch it.

What We're Watching

The market-structure signal worth tracking is how fast AI is redrawing the professional-services landscape you size against. Consulting-services pricing is under visible pressure: the BLS producer price index for management-consulting services sat at 130.6 in February 2026, running at or below year-ago levels for much of the prior year as AI-assisted delivery compresses the sector ([U.S. Bureau of Labor Statistics, 2026](#)). At the same time the category lines are moving. The Economist reports that AI answer-engines are disintermediating reference sites and business directories, absorbing the queries that once defined those markets ([The Economist, 2025](#)). When both the price line and the category boundaries shift inside a single year, the competitive map you built for last year's board deck is already stale.

The implication for market intelligence is direct: a NAICS-anchored market build is a standing capability, not a one-time fundraising artifact. Re-run it each quarter, because in a fragmented market with no gatekeeper (Innovation, Science and Economic Development Canada, 2025), the founders who notice the structure shifting first are the ones who re-position before their category is redefined around them.

Work With Us

If your TAM slide is a figure pulled from a 2019 analyst report, there is a cleaner path. Phase 1 Market Intelligence is a 5–7 day engagement at CA\$4,500 that produces a NAICS-coded, bottom-up TAM/SAM/SOM build your board and your next investor can both defend. If the evidence does not hold up to diligence, we refund in full. Reply "Phase 1" or book at sagentix.ca/contact.

— Stephane Raby CMC · CISSP · P.Eng. · 25+ Years · Executive MBA

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Adapted from Statistics Canada, Canadian Industry Statistics — Management consulting services (NAICS 54161), 2024. This does not constitute an endorsement by Statistics Canada of this product.