

**Date: 26<sup>th</sup> March 2018**

## **Revenues for consulting arms of UK accounting firms pass £3bn**

***The consulting arms of UK accounting firms—including the Big Four—account for nearly 40 per cent of all revenues earned in the UK consulting market in 2017 and make up the fastest growing firm segment...***

The consulting arms of accounting firms—a group dominated by the Big Four—continue to dominate the UK consulting market, growing by 7.3 per cent<sup>1</sup> to £3bn in 2017, compared to the wider consulting market growth of 6.1 per cent to £7.8bn<sup>2</sup> during the same period. A combination of organic and inorganic growth helped to make this the fastest growing firm type in the market in 2017.

These figures are published today (26<sup>th</sup> March 2018) in a new report from [Source Global Research](#), the leading research and strategy firm for the global management consulting industry. The report says that the consulting arms of accounting firms continue to dominate the UK market, accounting for nearly 40 per cent of all revenues earned and winning the majority of work in the enormous financial services market, thanks in large part to their reputation for risk & regulation services.

The report also says that these firms are eager to build up their digital arsenals as the value of digitisation<sup>3</sup> work performed in the UK consulting market jumped from £1.7billion in 2016 to almost £3billion in 2017. With this rapid rate of growth in mind, accounting firms are working hard to become the go-to firms for big, digital transformation projects. Digital work now represents a huge 37 per cent of the total UK consulting market.

### **Fiona Czerniawska, Director of Source Global Research said:**

*The Big Four have once again outperformed the competition in the UK consulting market. Their size allows them to offer a great breadth and depth of both sector and service line knowledge, which may make them a natural fit for the rapidly growing digital transformation market. However, it's not at all certain that they will ultimately be successful in staking out this territory all for themselves, as many clients still see them offering less technology expertise than traditional technology firms and less strategy expertise than strategy houses."*

***More./...***

<sup>1</sup> This figure refers to what Source calls Type A firms – firms that do audit alongside consulting – which includes firms other than the Big Four, although in reality the Big Four account for the overwhelming majority of this part of the market.

<sup>2</sup> This figure refers to what Source calls the "big consulting" market only (consulting done by firms with more than 50 consultants globally).

<sup>3</sup> The Source definition of digital is "any technology that connects people and machines with each other or with information." Broad examples of digital include mobile, social media, cloud, IoT, robotics, data & analytics, and AI.

2./...

The Source report also says that digitisation is colonising all projects and all traditional consulting services, absorbing parts of strategy, operational improvement, risk, regulatory, and HR & change management work. For instance, over half of all strategy work in the UK is now digital-related, an even bigger share than in the technology service line, where over 40 per cent of all work is driven by digital.

**Fiona Czerniawska, Director of Source Global Research added:**

*“From being largely concentrated in the technology and strategy service lines, digital is now starting to make up a part of all consulting services. In fact, its speed of colonisation is such that within the next 18 months, we believe it will no longer be necessary to label anything as digital in the UK consulting market – as everything will be digital in one way or another.”*

The Source report also points out that, despite UK consulting revenues continuing to climb, the market is going through a turbulent period, owing to both global economic instability and the domestic juggernaut of Brexit. The degree to which Brexit is affecting consulting demand is questionable, with most consultants interviewed for this year’s Source report saying that, thus far, “it has been a bit of a non-event”.

**Zoë Stumpf, Head Analyst at Source Global Research concluded:**

*“Brexit is the biggest question mark hanging over the sector. It still has potential to be a huge driver of demand, if no reciprocal arrangements with the EU are made, or something of a red herring, if deals are struck and business carries on more or less as usual. Only time will tell.”*

Despite this domestic and global economic uncertainty, Source expects the UK consulting market to maintain its current rate of growth, expanding another 6 per cent this year.

For more information on Source reports contact [ella-sian.jolley@sourceglobalresearch.com](mailto:ella-sian.jolley@sourceglobalresearch.com) or telephone +44 (0)20 3478 1204 or visit [www.sourceglobalresearch.com](http://www.sourceglobalresearch.com).

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# PRESS RELEASE



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## Notes to the editors:

### About Source Global Research

Source Global Research (Source) is a leading provider of information about the market for management consulting. Set up in 2007 and with offices in London and Dubai, Source serves both consulting firms and their clients with expert analysis, research and reporting. Source draw not only on our extensive in-house experience, but also on the breadth of our relationships with both suppliers and buyers.

The Source [global consulting data model](#) is the biggest and most sophisticated model of the consulting industry ever created, and the model on which many of the world's leading consulting firms now base their understanding of the size and shape of the consulting industry. It provides data on market size, growth rates, and forecasts across 29 sectors, six service lines, 84 countries and five firm types.

Source was founded by Fiona Czerniawska. 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](#).

All of Source's work is underpinned by its core values of intelligence, integrity, efficiency and transparency. For further information, please visit: [www.sourceglobalresearch.com](http://www.sourceglobalresearch.com)

### About the report

This Source report is based on quantitative and qualitative research of consulting firms in the UK. This includes:

#### Megamodel: The Source Global Research global consulting data model

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 Source call “big consulting”. It therefore reflects the “addressable” market for the majority of mid- and large-sized consulting firms; Source 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. Source analysts work out the addressable size of the market through desk research, identifying the number of firms that meet its criteria, and extrapolating from that to reach a figure for the market as a whole.

Using this definition, Source built a bottom-up model of the global consulting market from the information it gets from consulting firms and its own research, and Source then uses it to size the industry and its growth rates. This is based on its 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 comprehensive primary research carried out by Source analysts.

Please note that Source 2016 baseline figures have changed a little since last year, as Source has refined and implemented improvements to its research methods.

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

All figures given in this report are in pounds. For reference, Source is using the following exchange rates in its reports this year:

- US dollar to British pound \$1 = £0.78

## **PRESS RELEASE**



- US dollar to euro \$1 = €0.89

### **Client view**

Source interviews senior end users of consulting in the UK to help build up a rich picture of how trends in the consulting market are playing out within clients' organisations. Conversations focus on the following areas:

- What's driving change in their organisation
- How they are using consultants
- Factors that affect the way clients work with consulting firms
- What they value the most—and least—about working with consultants

Source also carries out client surveys. It surveyed 602 senior clients of consulting firms across the UK. The majority (92%) work for private sector organisations, many of which are multinationals. The remaining 8% work in various public sector organisations. All work in organisations with over 250 employees.

The survey asks clients similar questions about how they buy consulting services. In particular, this report draws on how they expect their expenditure on consulting services to change over 2018 and into 2019, and what initiatives they'll be working on and how likely that is to drive consulting work. Their responses are just one of the factors that Source takes into account when forecasting future growth rates.