

PRESS RELEASE

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Big Four dominates U.S. consulting

- ***U.S. consulting work approaches \$20bn for Big Four***
- ***Big Four now 65 per cent bigger than the next largest firm type***

The Big Four continue to dominate the U.S. consulting market – growing by 10.9 per cent¹ to \$19.6bn in 2015 - compared to the wider market growth of 7.7 per cent to almost \$55bn.

These findings are published today in a report from leading global consulting market analysts Source Global Research (Source), which also reveals that the Big Four's market share is now 65 per cent bigger than the next-largest firm type (technology firms) and is growing a good deal faster.

Much of the growth is down to the Big Four's aggressive pursuit of a very expensive acquisition agenda that has transformed the market over the last few years. But acquisition isn't the only thing driving growth. Demand from the financial services sector and an increasing interest in risk consulting - both of which are signature areas for the Big Four - are also driving significant growth.

Cybersecurity work is really hot

Risk & regulatory work across the U.S. consulting market grew strongly by 7.8 per cent to over \$14bn, but cybersecurity work is what's really hot for many firms, including the Big Four - as headline-grabbing news stories have struck fear into the hearts of business-people.

Edward Haigh, Director of Source Global Research said:

"The high profile nature of cybersecurity work - top of the current corporate agenda for many boards - means that a whole range of consulting firms want to get in on this particular act."

"Technology might lie at the heart of cybersecurity, but only an organisation-wide approach is appropriate in preventing cybercrime, which means that the Big Four, strategy firms, technology firms, and specialists are all vying for position in this market."

Tracy Benard, Managing Partner, Advisory at KPMG, added:

"Cyber and cybersecurity are still concerns for a lot of people. From a technology perspective, augmenting the workforce with robotics and cognitive capability may be an opportunity to cut costs and decrease some risk exposure, but it also poses new risks that we are helping clients address."

¹ 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.

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The Source report states that while buying everything in sight puts the Big Four in a good position to fill eager client organisations, it also puts them at risk of having very crowded benches when demand slows. Additionally, the increasing commoditisation of regulatory work - another classic Big Four service - presents a significant challenge.

Edward Haigh concluded:

“These factors are part of the motivation behind the Big Four’s determination to gain the lead in the extraordinarily lucrative digitisation market. While they do seem to be making headway in this area, whether they can really build the strategy chops necessary to make themselves synonymous with high-end digital transformation remains to be seen.”

For more information on Source reports contact alice.noyelle@sourceforconsulting.com or telephone +44 (0)20 3178 6443 or visit www.sourceforconsulting.com.

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For further information about this press release, please contact:

David Pippett, DWP Public Relations
Tel: +44 (0)1225 335675/+44 (0)7899 798197
Email: david@dwppublicrelations.co.uk

Edward Haigh, Director, Source Global Research
Tel: +44 (0)7912 516913
Email: edward.haigh@sourceglobalresearch.com

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. 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](#). Joy Burnford was Marketing and Operations Director at the UK Management Consultancies Association between 2003 and 2010, and prior to that worked for PA Consulting Group and has extensive experience of marketing consulting services. For further information, please visit: www.sourceglobalresearch.com

Sources

This report is based on two major sources of primary data:

Clients of consulting firms:

Source interview senior end users of consulting in the U.S. to help it to build up a rich picture of how trends in the consulting market are playing out within clients’ organizations.

Source also carries out client surveys. For the report, Source surveyed 622 senior clients of consulting firms across the U.S. The majority work for private sector organizations, many of which are multinationals.

Source's 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 2016 and into 2017, 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 we take into account when forecasting future growth rates.

Consulting firms:

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;

Using this definition, Source has 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 Source's 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 2014 baseline figures have changed a little since last year, as Source have refined and implemented improvements to its research methods.

For reference Source is using the following exchange rates in this report this year:

- U.S. dollar to British pound \$1 = £0.66
- U.S. dollar to euro \$1 = €0.88

In addition to Source's quantitative research, it interviewed 32 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 its bespoke research and consulting projects, adding further depth to Source's understanding of the consulting industry.