

## **PRESS RELEASE**

**Date: 6<sup>th</sup> June 2018**

# **Trump tax overhaul boosts US consulting revenues**

- **US consulting market grows 8.1 per cent in 2017**
- **Federal spending on consultants rises four times faster under Trump administration**
- **Consulting arms of accounting firms—mainly Big Four—were well placed to benefit from tax changes**

The 2017 tax overhaul, the first big win of the Trump policy agenda, helped boost revenues for US consulting firms as the market grew faster than the previous year—up 8.1 per cent in 2017.

Tax changes freed up cash that clients were eager to divert to other priorities, creating work for consultants. The tax overhaul may have been especially good news for the consulting arms of accounting firms, which outpaced the overall market and increased revenues by 9.4 per cent<sup>1</sup>.

These figures are published today (6<sup>th</sup> June 2018) in a new report from the leading research and strategy firm for the global management consulting industry, [Source Global Research](#). The Source report reveals that clients were also looking for help to restructure their tax strategy to take advantage of the new rules. Many of those clients found the Big Four to be a good fit, because they can leverage their tax strategy bona fides to help clients capitalize on the new rules.

**Tom Puthiyamadam, U.S. Consulting Competencies Leader & PwC Digital Services Leader, who was interviewed for the Source report, said:** *“We’ve been talking about tax and consulting working together for 10 years, and now it’s really happening. In the last three months of 2017 and at the start of 2018, there hasn’t been a supply chain transformation discussion or a growth discussion that doesn’t involve tax reform. It’s transformational lighter fluid.”*

**Fiona Czerniawska, Director of Source Global Research, said:** *“The tax overhaul was good news for all consultants in 2017, but that doesn’t mean that this was a market without challenges. With consulting firms of all types and sizes competing for the same projects, firms are having to work harder than ever to differentiate themselves.”*

### **Federal spending on consultants rises four times faster under Trump administration**

Consulting to the US public sector has remained a poor relation of the industry for many years, but the Source report revealed that the new Trump administration’s eagerness to cut budgets, and its willingness to use consultants to achieve this, saw the public sector market for consultants rise four times faster in 2017 than a year earlier.

---

<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.

There was a particular demand in the public sector for consultants with combined technology and operational improvement expertise. There was also demand of a strategic nature, with the government looking to address the impact of an aging population on existing public services.

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

*“Much of the activity that has taken place in the public sector over the past couple of years has focused on achieving efficiency and cost cutting targets by traditional operational improvement methods. While the ultimate aim didn’t change in 2017, the means of getting there shifted towards more of a digital agenda.*

*Greater clarity around budgets allowed departments to develop business cases for wider use of automation and advanced data & analytics tools, with the most advanced government entities also investigating the use of AI as a means of reducing staff numbers.”*

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).

**-ENDS-**

**For further information about this press release, please contact:**

David Pippett, ProServ PR  
Tel: +44 (0)1225 335675/+44 (0)7899 798197  
Email: [david@proservpr.com](mailto:david@proservpr.com)

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

**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 with a London office, Source serves both consulting firms and their clients with expert analysis, research and reporting. Source draws not only on its extensive in-house experience, but also on the breadth of its 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](#).

**About this report**

This Source Global Research report is based on quantitative and qualitative research of consulting firms in the US. This includes the following:

**Megamodel: The Source 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 calls “big consulting”. It therefore reflects the “addressable” market for the majority of mid- and large-sized consulting firms; Source doesn’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 has built a bottom-up model of the global consulting market from the information it gets from consulting firms and Source's own research, and uses it to size the industry and its growth rates. This is based on the Source 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 it 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. It is, however, confident that the richness of its qualitative data, combined with its unparalleled industry expertise, means that Source 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 its reports this year:

- US dollar to British pound \$1 = £0.78
- US dollar to euro \$1 = €0.89

### **Client view**

Source interviewed senior end-users of consulting in the US to help it build up a rich picture of how trends in the consulting market are playing out within clients' organizations. Conversations focus on the following areas:

- what's driving change in their organization
- 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 735 senior clients of consulting firms across the US. The majority (97%) work for private sector organizations, many of which are multinationals. The remaining 3% work in various public sector organisations. All work in organisations with over 250 employees.

### **Interviews with senior consultants**

In addition to quantitative research, Source interviewed 40 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 its understanding of the consulting industry.