



Accounting Policy & Practice Report®

SEARCH

[Advanced Search](#)[Search History](#)[Saved Searches](#)[ABOUT BLOOMBERG BNA](#)[INVESTMENT SERVICES](#)[INVESTMENT COMPANIES](#) Sign up for email updates

BREAKING NEWS

Big Four Digital Consultants Cash In on Companies' Tax Savings

Posted: Jun 25, 2018

By *Courtney Rozen*

The digital consulting arms of large accounting firms, including the Big Four, are reaping the benefits of tax reform with increased demand for their services.

The 2017 tax act ([Pub. L. No. 115-97](#)) slashed the corporate tax rate to 21 percent from 35 percent, boosting some companies' bottom lines.

Companies are looking to invest their savings in digital transformation consulting—a business that advises companies on how to use technology to enhance their operations, such as cutting costs or creating a better customer experience.

For help, some companies are largely turning to the digital consulting divisions of the Big Four accounting firms—Deloitte LLP, Ernst & Young LLP, PricewaterhouseCoopers LLP, and KPMG LLP. The Big Four make up 21 percent of the \$23 billion global digital transformation market, according to a May 2017 [report](#) from Source Global Research.

“Right now, actually, this is the single biggest area of growth within the consulting practices of Big Four accounting firms,” said Edward Haigh, director of Source Global Research.

Digital consultants at large accounting firms, including those outside of the Big Four, are leveraging partnerships with specialty firms to accommodate needs they can't address themselves. They also anticipate that demand for their services will continue to grow.

Companies Rethink Processes

Large accounting firms aren't only raking in tax consulting fees, they also frequently snag digital consulting business from their existing clients.

The Big Four and others already serve many large companies as auditors or tax consultants. As companies learn how they will fare under the new tax law, some may rethink how they operate in order to maximize potential tax savings, said Matt Becker, managing director of BDO USA LLP's National Tax Office in Chicago.

Digital consultants often leverage existing customer relationships to promote their digital services. The consultants are able to advise on strategy, analytics, artificial intelligence, blockchain, and other topics to enhance a client's particular business. This can boost a client's competitiveness and improve its tax posture, Becker said.

Companies are “all trying to remake themselves into the digital version of what their company can be,” said Tom Puthiyamadam, digital services leader at PwC.

Small to mid-size businesses, however, aren't investing at the same rate because they don't yet know how the tax law will affect them, said Jennifer Wilson, co-founder of ConvergenceCoaching LLC, a leadership and management consulting firm for CPAs.

Small Consulting Firms

Despite dominance by large accounting firms, specialty consultants are also part of the digital consulting landscape.

Large firms offer a spectrum of services—from strategy to technology implementation—but clients may have demands that don't fit a large firm's core offerings, Haigh said.

"They can't do everything, and their clients recognize that," he said.

In such cases, specialty consultants may pick up a company's smaller projects, such as improving a customer's online experience for a financial services company. These highly-targeted specializations don't necessarily threaten their larger counterparts, Haigh said.

PwC, for example, sometimes partners with small and large technology companies to serve clients in an area where they fall short, Puthiyamadam said.

The small technology partners can help create a broader network of services that a large accounting firm can use to serve a client, Haigh said.

Looking Forward

At some companies, the tax law spurred quick spending on benefits such as employee bonuses or shareholder payments.

Investment in digital consulting is a longer-term activity motivated by the tax law, Puthiyamadam said, adding that it will take time to see results.

Over the next five years, Becker predicts BDO will help clients understand how digital strategy can lower their tax liability.

Both BDO and PwC said they are investing in their digital consulting business—in PwC's case, by hiring specialty talent—to accommodate a growing demand for such services. They aim to become a one-stop shop for digital transformation consulting, Haigh said.

Puthiyamadam predicts that companies will continue to invest in using technology to improve how customers interact with them, which helps them stand out against competitors. He anticipates that they will make "strategic bets" and experiment with new business models for which they previously lacked investment capital. Digital consultants can help companies upgrade their technology, workforce, and processes.

If they don't invest in technology and new business models now, Puthiyamadam said, in four to five years the companies' relevancy may be called into question.

[Top](#)

[Home](#) | [About](#) | [Help](#)

[Contact Us](#) or call 1-800-372-1033

ISSN 1558-6669

Copyright © 2018, The Bureau of National Affairs, Inc.

[Terms of Service](#) | [Copyright FAQs](#) | [Internet Privacy Policy](#) | [BNA Accessibility Statement](#) | [License](#)

Reproduction or redistribution, in whole or in part, and in any form, without express written permission, is prohibited except as permitted by the BNA Copyright Policy.