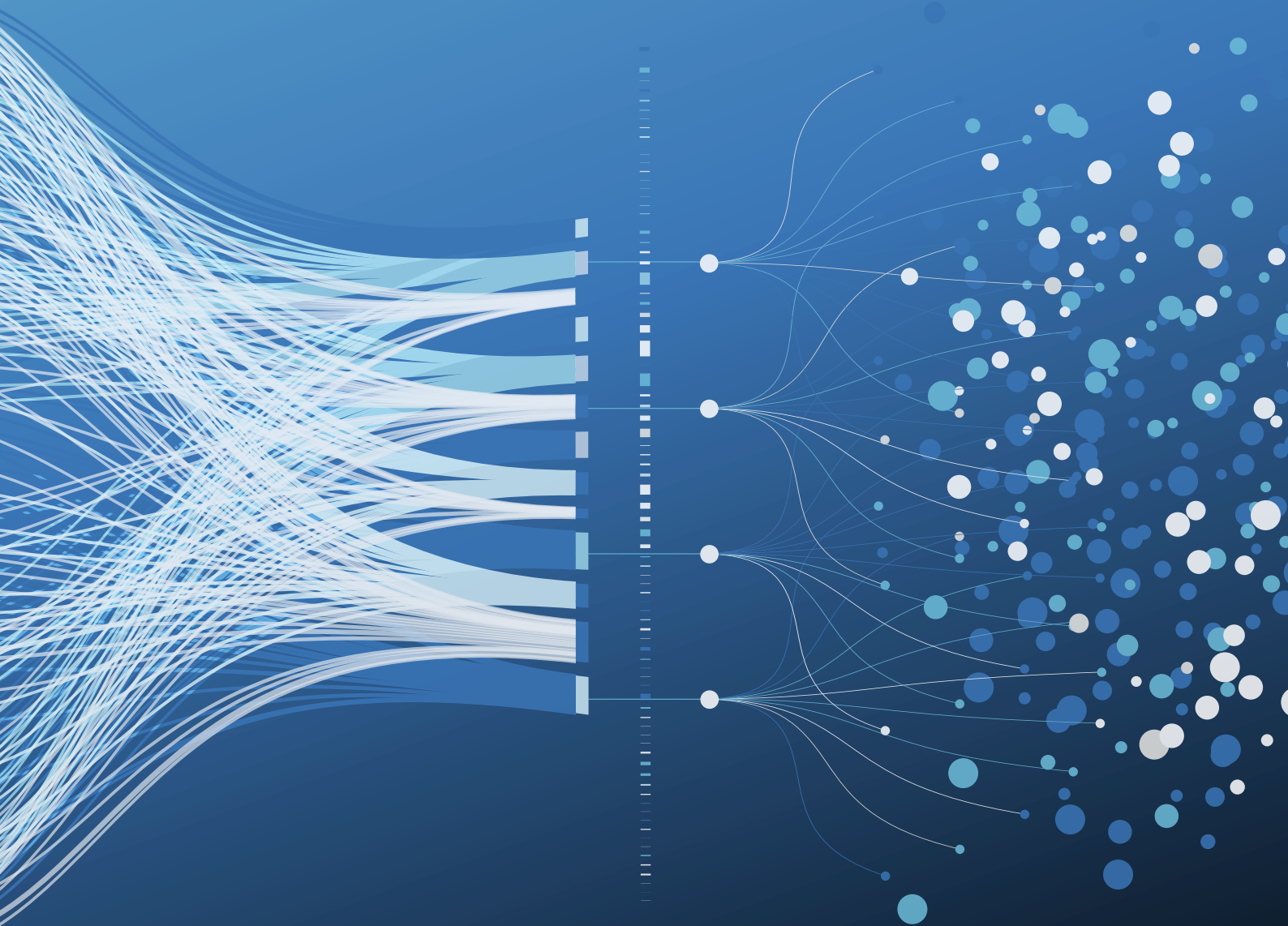


# The Global Tax Advisory Market in 2021

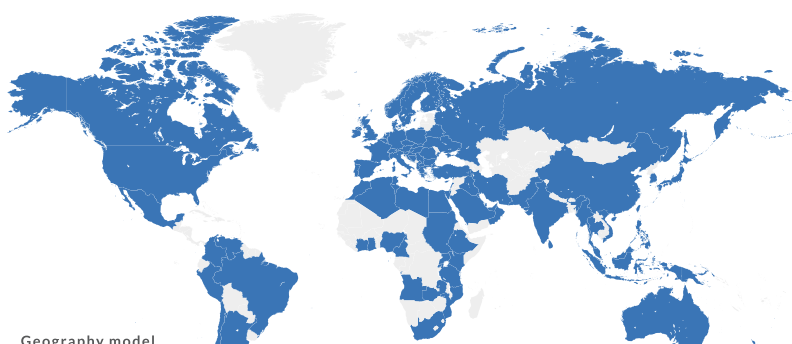
Market Trends Programme





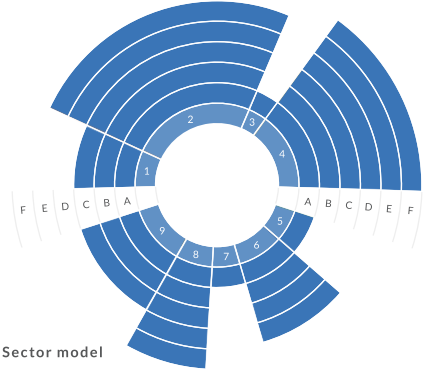
# What's included in this report

Our reports offer a wealth of market sizing, growth, and forecast data alongside engaging, in-depth analysis of the trends that matter. Using our highly flexible, multidimensional model we provide firms with robust, trusted data to make informed decisions about strategic investments and plan for the future.



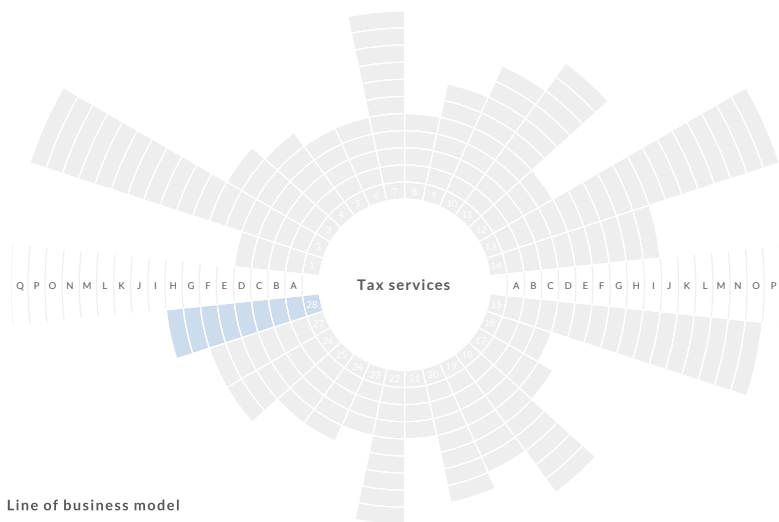
Geography model

Regions covered	
Albania	Canada
Algeria	Chile
Angola	China
Argentina	Colombia
Australia	Côte d'Ivoire
Austria	Croatia
Bahrain	Cyprus
Belarus	Czech Republic
Belgium	Denmark
Bosnia	Egypt
Brazil	Ethiopia
Bulgaria	Finland
Cameroon	France
	Germany
	Ghana
	Greece
	Hong Kong
	Hungary
	India
	Indonesia
	Iraq
	Ireland
	Israel
	Italy
	Japan
	Kenya
	Kuwait
	Lebanon
	Libya
	Luxembourg
	Malaysia
	Mexico
	Morocco
	Mozambique
	Myanmar
	Netherlands
	New Zealand
	Nigeria
	North Macedonia
	Norway
	Oman
	Pakistan
	Papua New Guinea
	Peru
	Philippines
	Poland
	Portugal
	Qatar
	Romania
	Russia
	Rwanda
	Saudi Arabia
	Serbia
	Singapore
	Slovakia
	Slovenia
	South Africa
	South Korea
	Spain
	Sri Lanka
	Sudan
	Sweden
	Switzerland
	Taiwan
	Tanzania
	Thailand
	Tunisia
	Turkey
	UAE
	Uganda
	Ukraine
	United Kingdom
	United States
	Venezuela
	Vietnam
	Zambia



Sector model

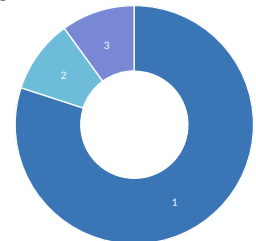
Sectors	Sub-sectors
1 Energy & resources	1 A Energy
2 Financial services	1 B Primary resources
3 Healthcare	1 C Utilities
4 Manufacturing	2 A Banking
5 Pharma & biotech	2 B Capital markets
6 Public sector	2 C Insurance
7 Retail	2 D Investment and wealth management
8 Services	2 E Private equity
9 Technology, media & telecoms	3 A Healthcare
	4 A Aerospace
	4 B Automotive
	4 C Construction
	4 D Consumer electronics
	4 E Consumer packaged goods
	4 F Industrial products
	5 A Pharma
	6 A Defence
	6 B Education
	6 C Not-for-profit
	6 D Public sector
	7 A Retail
	8 A Business services
	8 B Leisure
	8 C Logistics
	8 D Real estate
	8 E Transportation
	9 A High-tech
	9 B Media
	9 C Telecoms



Tax services

The revenue-earning model

- 1 Consulting
- 2 Managed service
- 3 Other (contingent fees, software licensing, associate networks)



Line of business model

Line of business

- 1 Cybersecurity
- 2 Risk
- 3 Forensic
- 4 Financial management
- 5 Design & UX
- 6 Innovation
- 7 Technology
- 8 Data & analytics
- 9 Research
- 10 Deals
- 11 Strategy
- 12 Real estate
- 13 Operations
- 14 Sustainability
- 15 HR & change
- 16 Architecture
- 17 Audit & assurance
- 18 Business process outsourcing
- 19 Civil engineering
- 20 Legal
- 21 Litigation
- 22 Marketing & creative
- 23 Network engineering
- 24 Product engineering & R&D
- 25 Recruitment
- 26 Software engineering
- 27 System integration
- 28 Tax

Capabilities

- 1 A Cybersecurity advice
- 1 B Cybersecurity implementation
- 1 C Cybersecurity incident response
- 1 D Penetration testing & wargaming
- 2 A Actuarial
- 2 B Compliance risk
- 2 C Crisis & reputation management
- 2 D Environmental risk
- 2 E Financial assurance
- 2 F Internal audit
- 2 G Operational risk
- 2 H Physical security solutions
- 2 I Physical security strategy
- 2 J Programme risk
- 2 K Responding to regulation
- 2 L Risk governance
- 2 M Risk management
- 2 N Technology & security risk services
- 2 O Third-party assurance
- 2 P Transactions-related risk
- 2 Q Treasury risk
- 3 A Anti-corruption services
- 3 B eDiscovery
- 3 C Forensic accounting
- 3 D Forensic technology solutions
- 3 E Fraud mitigation
- 3 F Investigation services
- 4 A Budgeting/financial planning process
- 4 B Debt advisory
- 4 C Finance function
- 4 D Financial advisory
- 4 E Financial restructuring & insolvency
- 5 A Corporate identity
- 5 B Customer journey & UX benchmarking
- 5 C Graphic & UI design
- 5 D UX & service design
- 6 A Ideation
- 6 B Innovation management
- 6 C Innovation strategy
- 6 D Strategies for growth from innovation
- 7 A AI advice & implementation
- 7 B Cloud advice
- 7 C Cloud implementation
- 7 D ERP consulting
- 7 E Geospatial advice & implementation
- 7 F IT strategy, planning & review
- 7 G IT training
- 7 H Programme management
- 7 I Robotics advice & implementation
- 7 J Vendor selection
- 8 A Advanced analytics
- 8 B Data visualisation, business intelligence & semantic layer
- 8 C Data warehousing & database management
- 8 D Machine learning
- 9 A Customer feedback
- 9 B Customer segmentation
- 9 C Employee feedback
- 9 D Environmental & social impact research
- 9 E Macro/microeconomic research
- 9 F Market research
- 10 A Capital allocation strategy
- 10 B Commercial due diligence & valuation
- 10 C Financial due diligence
- 10 D M&A transaction strategy
- 10 E Operational due diligence
- 10 F Portfolio & investment strategy
- 10 G Public-private partnerships
- 10 H Technology due diligence
- 11 A Business & financial modelling
- 11 B Category management
- 11 C Channel management
- 11 D Corporate recovery & turnaround
- 11 E Corporate restructuring
- 11 F Corporate strategy
- 11 G Market analysis & strategy
- 11 H Policy formulation
- 11 I Pricing
- 11 J Strategic sourcing/offshoring services
- 12 A Corporate, occupier services & facilities management
- 12 B Integrated real estate developer services
- 12 C Real estate deal/transaction services
- 12 D Real estate strategy
- 13 A Benchmarking
- 13 B Business continuity & recovery
- 13 C Cost cutting
- 13 D Customer service
- 13 E DevOps
- 13 F Distribution strategy
- 13 G Lean & Six Sigma
- 13 H Operational review
- 13 I Outsourcing advice
- 13 J Post-M&A integration
- 13 K Process design, re-engineering & automation
- 13 L Procurement/purchasing
- 13 M Property & estate management
- 13 N Sales & distribution planning
- 13 O Sales force effectiveness
- 13 P Supply chain management
- 13 Q Target operating model
- 14 A Clean technology
- 14 B Green IT
- 14 C Purpose-led strategy & change
- 14 D Resource-efficiency implementation
- 14 E Resource-efficiency strategy
- 14 F Social impact & trust
- 14 G Sustainable investment
- 14 H Sustainable supply chain
- 14 I Sustainable workforce
- 15 A Benefits, compensation & pensions, excluding actuarial & investment advice
- 15 B Change management
- 15 C Diversity & inclusion
- 15 D Employee engagement
- 15 E Governance & board effectiveness
- 15 F HR strategy & effectiveness
- 15 G Leadership
- 15 H Organisational design & culture
- 15 I Organisational training & development
- 15 J Outplacement
- 15 K Pension fund evaluation & advice
- 15 L Performance management
- 15 M Stakeholder management
- 15 N Talent management
- 15 O Team effectiveness & collaboration
- 16 A Exterior building design
- 16 B Interior building design
- 16 C Landscape design
- 16 D Accounting operations assurance
- 16 E Accounting systems assurance
- 16 F Corporate reporting
- 16 G IFRS & regulatory reporting
- 16 H Contact centre outsourcing
- 16 I Document management outsourcing
- 16 J Finance accounting outsourcing
- 16 K Human resources outsourcing
- 16 L IT outsourcing
- 16 M Other outsourcing
- 16 N Payroll outsourcing
- 16 O Regulation & remediation outsourcing
- 16 P Supply chain management & distribution outsourcing
- 16 Q Building & engineering analytics
- 16 R Engineering project management
- 16 S Infrastructure design
- 16 T International development
- 16 U Transport infrastructure, planning & engineering
- 16 V Urban design & planning
- 16 W Corporate & transaction law
- 16 X Criminal law
- 16 Y Digital & technology law
- 16 Z Domestic & family law
- 16 AA Intellectual property law
- 16 AB International trade, regulatory & government law
- 20 G Labour & employment law
- 21 A Dispute advisory services
- 21 B Expert witness
- 21 C Trial services
- 22 A Brand activation
- 22 B Brand strategy
- 22 C Creative production
- 22 D Customer relationship management
- 22 E Marketing & communication production
- 22 F Marketing & communication strategy
- 22 G Marketing mix optimisation
- 22 H Public relations & affairs
- 23 A Network installation
- 23 B Network optimisation
- 23 C Network strategy & architecture
- 24 A Physical product quality assurance & testing
- 24 B Physical product R&D
- 24 C Product & industrial design
- 24 D Technical feasibility assessment, prototyping & mock-ups
- 25 A Contract staffing supply
- 25 B Executive interim
- 25 C Executive search
- 25 D Talent sourcing
- 26 A Application development
- 26 B Digital product quality assurance & testing
- 26 C Digital product R&D
- 26 D IoT & connected devices
- 26 E Solution architecture
- 26 F Virtual, augmented, and mixed reality
- 27 A Functional & industry application integration
- 27 B Microsoft
- 27 C Oracle
- 27 D Salesforce
- 27 E SAP
- 27 F Workday
- 28 A Corporate tax
- 28 B Global employer/mobility services
- 28 C Indirect tax
- 28 D International tax
- 28 E Private wealth tax
- 28 F Tax dispute resolution & controversy
- 28 G Transaction tax
- 28 H Transfer pricing



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## About this report

Our report draws on four main sources:

- Our global data model covering the professional services market
- Our annual global client perception survey of senior end-users of consulting firms
- Our interviews with senior management consultants from a range of consulting firms
- Our in-depth desk research on the market

A detailed view of our methodology and more information about Source can be found below:

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## Executive summary

From a social and economic point of view, 2021 has been a stop-start year. Despite extraordinary progress in using vaccinations to curb the pandemic in mature markets, extensive disruption to lives and businesses has continued. On top of this, supply-chain shocks and international trade tensions have created widespread uncertainty. The result is that, while tactical adaptation to a far more complex operating environment has continued at a furious pace, some of the big investment decisions organisations might have been expected to make at this stage in the recovery—and which would have had tax implications—have been delayed.

We're therefore expecting 2021 to be a year of solid but not exceptional overall growth for tax advisory firms, ahead of a return to faster growth in 2022. We estimate that the global tax advisory market was worth \$44bn in 2020,<sup>1</sup> having held its ground during the worst of the pandemic, and will grow 6% in 2021. This level of growth is expected to continue through 2022 as a slow-down in pent-up demand post crisis is offset by a greater need for tax support and as governments the world over try both to recoup some of the money spent in crisis mitigation via tax receipts and to drive ESG-related change.

For senior executives, a combination of their experiences during the crisis and a sense of impending change has altered how they think about their tax function. Clients are pursuing a two-pronged strategy focused on minimising their tax liabilities while also cutting the cost of tax compliance—both of which have a direct bearing on their use of external support. This in turn has implications for the delivery models they're looking for and the types of firms they choose to work with.

We've identified five critical success factors for tax consulting firms: exploiting a window of opportunity to help clients transform their tax functions; investing in tax-related managed services and outsourcing, especially for compliance-related work; protecting margins rates from what's likely to be intense pressure on prices; charging more work on the basis of a subscription, especially among mid-market clients; and engaging a broader, non-tax audience as well as the more traditional one.

<sup>1</sup> Please note that we've changed the definition of what's included in the tax advisory market, reflecting the increasing extent to which non-traditional players have a role. This means that the overall size of the market in this report is somewhat bigger than that in our 2020 reports. Please see the methodology section for further details.



## About this report

The aim of this report is to provide tax advisory and other professional services firms with how client organisations' attitudes to their tax function are changing, the extent to which that has an impact on their use of external tax services, and the implications of all this for tax advisory firms.

This report includes:

- Analysis of the tax advisory market in 2020, including key trends, and analysis of demand by service, sector, and geography
- A look at how client demand is changing and an assessment of the services most likely to experience demand once the situation improves
- Insights from firms around the impact of the crisis in 2020, and how the market has evolved in 2021
- A link to our latest forecasts for 2021 and 2022

We have drawn on three key data sources in order to develop our analysis:

- Our bottom-up model of the global tax advisory market, which is based on the information we get from professional services firms and our own research, and which we use to size the industry and its growth rates. This is based on our 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, recognising the extent to which tax services are offered by a range of different advisory firms (such as tax firms), we've expanded our definition of the tax advisory market this year and changed some of the terminology used. This has resulted in a larger market size than in previous years. All historic figures have been restated to take account of this change in definitions.**
- A survey of 100 senior clients in the US market, primarily drawn from the tax function, but also from the finance, legal, and risk functions. Fieldwork for this survey was carried out in October 2021.
- Interviews with senior tax specialists. We're very grateful for the input of a wide range of firms, who've helped us assess the impact of COVID-19 on the market by providing up-to-the-minute information that we are using on an ongoing basis to adjust our existing model of the industry.



## The Global tax advisory market

This report draws five key conclusions about the tax advisory market, each which is covered in a separate section:

- 1 Demand for tax services has increased in the last 12 to 18 months and looks set to pick up more strongly in 2022

### A modest recovery

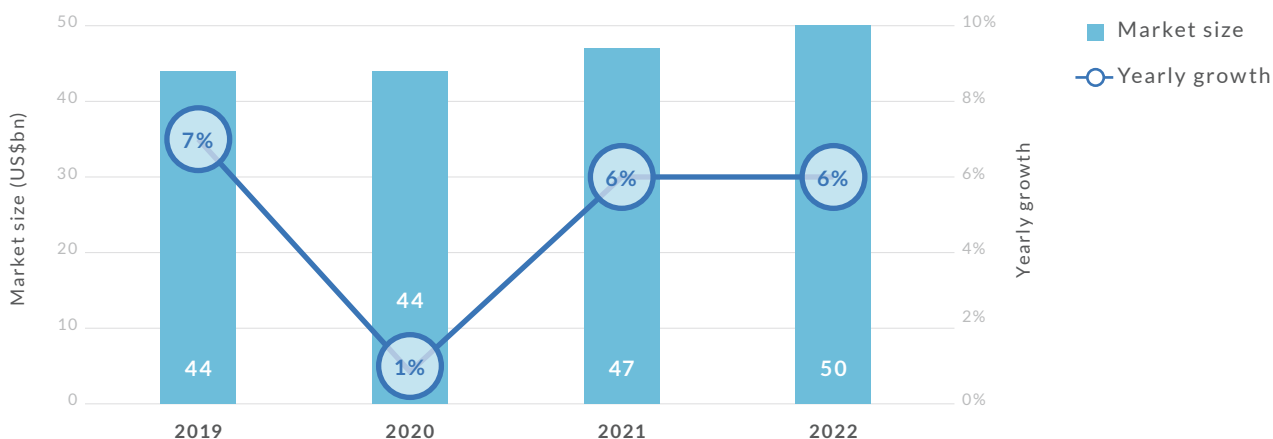
As we noted in last year's report, the tax advisory market was less impacted by the crisis than were most other professional services. 2020's 1% growth rate was significantly down compared to 2019 (7%), but it's still more positive than was seen in the consulting industry, which contracted 5%, and the professional services sector as a whole, where demand fell 6%. However, where consulting has been recovering more rapidly than expected—the result of pent-up demand and a renewed call for large-scale transformation programmes—we forecast that tax work will grow a solid but less spectacular 6% in 2021. This reflects both the smaller amount of work left undone last year (and, therefore, less pent-up demand) and a still-uncertain environment (for example, around the relocation of production facilities and supply chains in light of growing international trade tensions).

Next year, an increased volume of transactions and a backlog of corporate restructuring is expected to offset a reduced backlog of work from 2020 and to keep demand at a similar level or slightly higher in 2022. Towards the end of next year, we expect the market to pick up further momentum as governments begin to put in place measures designed to recoup some of their losses during the crisis.

Neither the tax advisory firms we interviewed for this report, nor their clients, are under any illusion that tax rates won't rise in the medium-term. The massive amounts of money spent by governments around the world to mitigate the most egregious impacts of the pandemic have left hefty economic bills in their wake, which will need settling. Moreover, with social pressure growing on governments to act over climate change and other ESG-related areas, it seems highly likely that tax will be used as a key mechanism to incentivise policies that reduce climate change and other environmental damage—and to punish organisations that don't take rapid steps to clean up their operations.

Figure 1

Size and yearly growth of the global tax advisory market, 2019-22





## 3

## — Insights from consultants

### Interviews with consulting leaders

At Source, we have always believed that the only way to truly understand a consulting market is to have real conversations with the consultants who are on the ground working in that market, serving their clients day in and day out. Below, you'll find condensed versions of our most recent discussions with tax advisory consultants, as they reflect on 2021, telling us how the previously unimaginable events of 2020 are reshaping the market, and in the case of a few brave souls, venturing a guess as to what comes next.





## Kate Barton, Global Vice Chair for Tax, EY

### How would you describe the tax market in 2020, and the impact that the pandemic had on it?

2020 was a tumultuous year, mainly due to the uncertainty introduced by the pandemic. When COVID first hit, it was a scary time for our multinational clients as they were concerned about survival. A lot of companies weren't prepared digitally; and, in general, the ones that weathered the storm best were the ones that had invested the most in digital transformation in the years leading up to 2020. I think digital transformation was accelerated by at least 10 years in 2020.

### What are the biggest questions clients are coming to you with right now? What's driving demand?

Clients have grown more used to not knowing what's on the horizon and living with uncertainty. But in the retail and hospitality industry, they're still very worried as they're grappling with the delta variant and potential shutdowns. Media and entertainment industries too, particularly within sports and music, are very worried about the shutting down of in-person attendance at venues. High-tech is thriving on the other hand, so it really depends on the industry. On the one end we're helping clients keep in more cash, on the other we're helping them plan for acquisitive growth, so the spectrum of our client issues and demand ranges from survival mode to business growth.

### For what industries and geographies is demand for tax services growing the fastest?

Private equity is doing well as clients are making a lot of deals, so work in M&A, due diligence, and planning is significant. Real estate and media & entertainment are always on the move with a lot of demand for tax services, but with the latter more on the survival and maintenance side than the growth side recently. Demand for tax work in the pharma sector is growing fast as well, as they're on the front end of rescuing countries with vaccine and drug manufacturing and that's often fraught with a lot of issues related to tax. Geographically, US and UK recovery is booming. Our India business has also performed well recently. In general, I'd say that demand is pretty high across the board right now.

### Has COVID had any lingering effect on the relationship between clients and consultants?

During the pandemic, our clients needed us and relied on us more than ever, wanting to know what their peers were doing and what we were seeing in the market. Most of our partners found that clients were calling them more and were taking more meetings to gain our insights. The relationships got deeper, especially with incumbent clients. It's interesting that most data and research shows that incumbents have the advantage in a digital, virtual environment. We really encouraged our people to spend more time with our existing clients, which they did. However, we were very successful in picking up more market share by getting to clients not being served by other providers. It was hard to do but with proper use of technology, we learnt we could get a lot done in a digital world. Of course, we miss the watercooler conversation and comradery that comes naturally in a physical space, but we've worked with our clients on finding ways to replicate that experience in a virtual setting.

### Has there been a shift in who in the client organisation you're selling to and who is buying your services? And has the way clients are buying services changed?

Yes. I'd say we have four or five different key buyers now, although 65% of tax services are still sold to global heads of tax. An important trend that started before the pandemic, but was exacerbated by it, was the need to co-source more work. With laws becoming more complex in various jurisdictions, clients are looking at how they can embrace technology to handle that more efficiently. Most clients can't make their tax investments into technology on their own as their core business is their focus. As a result, outsourcing and co-sourcing discussions are happening more and more at the C-suite, not just with the head of tax. Therefore, we've spent much more time making sure our brand is known at the C-suite level. Also, we have a very fast-growing law business, and those services are sold either to the general counsel's office or the chief operating officer. And then a lot more of our people advisory services and integrated mobility services are being sold to the CHRO or head of HR. And with indirect tax being one of the fastest growing spaces in the global tax world, we cannot underestimate the comptroller in an organisation, who often deals with indirect taxes such as customs and VAT.



**Looking ahead to the next 12 months, are there any tax services you expect to see demand grow the fastest for?**

I still think cross-border work and global tax planning is going to be in high demand from clients; and that's a space that the Big Four are uniquely well-suited to compete in. Deal-making looks like to keep increasing, which will lead to further growth in M&A services. And of course, indirect taxes are going to be a huge source of demand as well. With revenue starvation in many countries, more and more governments will turn to using these various tax codes—e.g. carbon tax, sugar tax, plastic tax, digital services tax, etc.—to help balance the books.

To sum up, there are three global megatrends likely to shape the global tax landscape over the next few years. Firstly, countries around the world will use their tax codes more aggressively and legislate new tax laws whilst ensuring they comply with new OECD directives. Secondly, we'll see supply chains get closer to where the consumer lives, so supply chain tax planning will become more important. Thirdly, in response to the social inequality the pandemic has caused, we'll see more laws taxing multinationals, large corporations, and high-net-worth individuals to redistribute wealth to those less fortunate. The new OECD framework on international corporate tax, for example, represents a major step in moving towards this direction and tightening global tax rules.

**At EY, are you investing in multidisciplinary services? Do you see any obstacles to making those connections between services lines?**

As an integrated services firm, we're always trying to make sure we foster a culture built around the idea of cross-functional teaming. Our law business is very connected to our tax business, as well as our forensics and legal advisory services. A lot of organisations are spinning out sections of their conglomerate so they're having to set up legal entities around the world to house the spun-off assets, and that fits in nicely with our integrated legal expertise. At the heart of this multidisciplinary approach is the fact that our clients are getting smarter about how they buy professional services, seeking greater vendor consolidation. The pandemic spurred a desire for efficiency and there's only a certain amount of vendors that clients can manage efficiently, so consolidating tax providers into just one or two is becoming the favoured approach.

**Are there any skillsets or specialisms where you're seeing particularly acute talent shortages? What is your firm doing internally to manage this?**

The talent shortage in consulting is an across-the-board issue. With the entire tax community continuing their digital transformation, we're trying to make everyone in the firm digitally fluent if not digitally native. We have a lot of education badge programmes to encourage our people to get smarter around that topics, for example. At the same time, in our business, it's not enough to just be a technologist. Tax technologists who understand clients' issues across both of those domains are absolutely what's called for, and that's probably the hottest skillset that we need right now. We also need more M&A, cross-border, and indirect tax expertise. There's no competency that we're not looking for in every major country in the world.

**What are the biggest challenges right now on the horizon for the tax market?**

Technology and talent, and they go hand in hand. Continuing to grow the next generation of tax athleticism will be critical. As a capital-intensive business, we need to ensure we have the most cutting-edge platforms to support our clients. Clients multinationally don't want bespoke, country-specific solutions, they look to us for compliance services that can cover over 140 countries. There's currently a race for who can solve that the best, and it requires very good technology that is constantly updated to meet clients' needs.



# About this report

## Methodology

### Sources

#### Megamodel: our global data model

The quantitative market data in this report comes from our unique model of the global professional services market.

Rather than making high-level assumptions, this model has been built from the bottom up, sizing the market capability by capability—assessing how much work a firm earns delivering each professional capability within each sector and country. This results in a robust view of the size of the supply-side market, which can then be broken down to view the size of the market by country, sector, line of business, capabilities, and market segments.

This year's model has been expanded, with a new capability taxonomy and a much broader range of professional services firms included—all of which reflects convergence and other changes we see in the industry. For the purposes of this report we've focused on types of firm and market segments that broadly equate to traditional definitions of consulting. As a result of these changes to our methodology, there are changes to our market sizing data, which take into account that conventional consulting firms now compete in many non-consulting markets—in essence that their addressable market is larger. Historic data has been restated to match our new definitions, but the inclusion of new types of firm and additional services may also have an impact on growth rates.

Alongside this market segmentation, we also limit our market sizing and analysis to what we at Source call “big consulting”—work done by mid and large-sized firms (those with more than 50 people). Please note that we don't track the long, thin tail of work done by contractors and very small firms, as most readers of this report would

not seek or be able to compete in this part of the market.

All of the data in the model is calibrated through extensive interviews with, and surveys of, professional services firms and their clients, allowing us to discuss broader trends in the market alongside detailed dimensions such as headcount. These interviews and surveys are supplemented with desk research, which allows us to assess the impact of wider macroeconomic trends on professional services. This, combined with our detailed modelling, results in a long-term view of the market that is able to support both historic and forecast data.

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 US\$1 = £0.78

US dollar to euro US\$1 = €0.87



## Client view

We carry out a client survey to help us build a rich picture of how different trends in tax advisory are affecting clients' organisations and their use of consulting. One survey focuses on trends in tax advisory, providing detailed insights into the nuances of the market. For this, we surveyed 100 senior clients of consulting firms from across the tax advisory, all of whom work in organisations with more than 500 employees. This survey focuses on the following areas:

- How they expect to use consultants during 2021 and the first half of 2022
- Factors that affect the way clients work with consulting firms
- The ways consulting firms market themselves to clients and the impact this has on client decision making.

Figure 35

Respondents by seniority

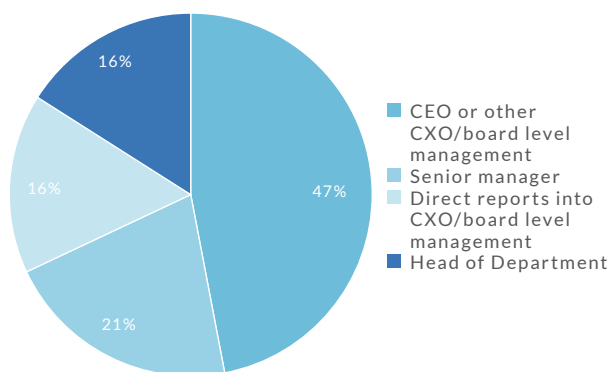


Figure 36

Respondents by sector

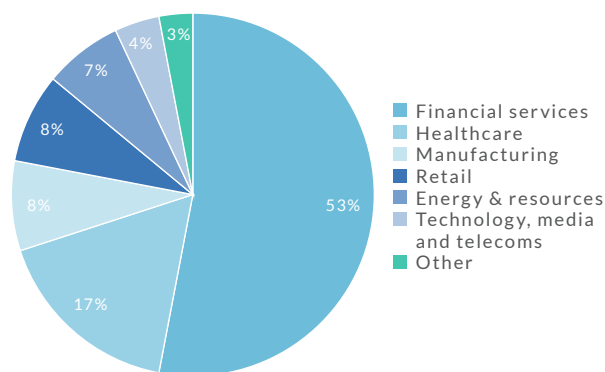




Figure 37

Respondents by organisation size

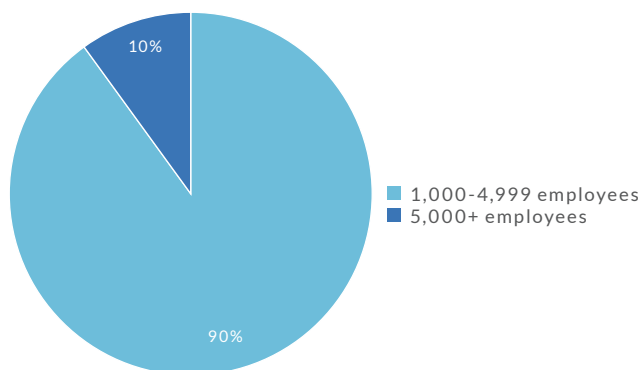
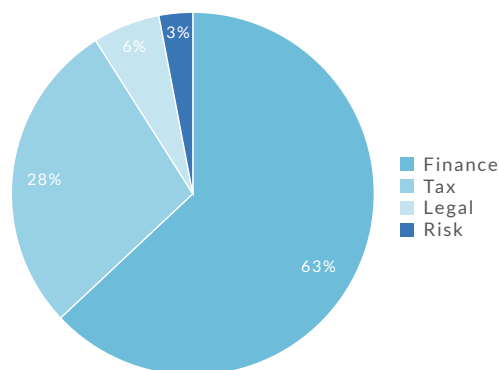


Figure 38

Respondents by function



### Interviews with senior consultants

In addition to our quantitative research, we interviewed six very senior consultants in the global tax advisory sector representing most of the leading consulting firms in the geography and many smaller local specialists to understand more about how the consulting market is performing and the major trends, changes, and challenges consultants and their clients face. Throughout the year, Source analysts remain plugged in to the global consulting market through our bespoke research and consulting projects, adding further depth to our understanding of the consulting industry.

### In-depth desk research

We also conducted a thorough PEST analysis on risk & cybersecurity that drills down into finer macroeconomic details on a holistic and sector-by-sector basis and allows us to fit our research into a wider macroeconomic picture.

### Definitions of sectors and market segments

Our definition of management consulting includes a broad range of business advisory services, but excludes:

- tax advisory
- audit
- the implementation of IT systems
- the delivery of outsourced/offshored services
- HR compensation/benefits administration and technology

Where mergers and acquisitions work is concerned, consulting on deals is included (under strategy), but corporate finance fees on deals themselves are generally not included, although it is not always straightforward to separate the two.

For more information about how we classify consulting services and sectors, please see “Definitions of sectors and market segments”.



## Definitions of sectors and services

### Sectors



#### Energy & resources

##### Energy

Includes the exploration and production of energy, including oil, gas, coal, and renewables.

##### Utilities

Includes the delivery of electricity, gas, water, sanitation, and other related services.

##### Primary resources

Includes agriculture, chemicals and chemical products, commodities, forestry, fishing, metals, mining, and plastics.



#### Financial services

##### Banking

Includes retail banking, commercial banking, and lending.

##### Insurance

Includes general insurance (e.g., motor, home, pets, health—anything on an annual contract), life insurance, pension products, and retirement planning.

##### Private equity

Includes both consulting work for private equity firms and consulting work with private equity portfolio businesses.

##### Capital markets

Includes investment banking, trading of stocks and financial products, corporate finance, and broking.

##### Investment and wealth management

Includes private banking, high net-worth banking, investment management, trust funds, the management of pension funds, and asset management.



#### Manufacturing

##### Aerospace

Includes space research and technology, the manufacture of aircraft, aircraft parts, rockets and other space equipment, and tanks and ammunition.

##### Automotive

Includes the manufacture of motor vehicles, industrial vehicles, and vehicle supplies and parts.

##### Construction

Includes surveying, architectural, and engineering services, heavy construction, house building, and the building of infrastructure.

##### Consumer packaged goods

Includes the manufacture of clothes, foods, alcohol, tobacco, furniture, home furnishings, cleaning products, small arms, children's toys, and sports equipment.

##### Consumer and industrial electronics

Includes electrical components, household and industrial appliances, commercial and professional equipment.

##### Industrial products

Includes industrial machinery, steel and metal products, and plastic products.



#### Pharma & biotech

Includes research into and the production of drugs, biological products, medicinal chemicals, and life sciences.



#### Healthcare

Includes private and publicly-funded healthcare, hospitals, laboratories, and medical equipment.



#### Public sector

##### Government

Includes federal/national, state/regional, local government, emergency services, justice, social services, public transport, and conservation.

##### Education

Includes public and private schools, universities, and libraries.

##### Defence

Includes national security and consulting around defence issues.

##### Not for profit

Includes non-commercial research organisations, religious, political and professional membership organisations, trusts, labour unions, and business associations.



#### Retail

Includes the selling of clothes, food, consumer goods, and automobiles.



#### Services

##### Logistics

Includes warehousing, storage, packing and crating, and distribution including cargo, freight, and haulage.

##### Business services

Includes services relating to law, accountancy, IT maintenance, security systems, advertising, employment agencies, and vehicle leasing.

##### Leisure

Includes museums, art galleries, theatre, golf courses, hotels, hospitality, travel agencies, restaurants, and bars.

##### Real estate

Includes estate agencies and operators of residential and commercial buildings.

##### Transportation

Includes private and people-related transportation, including airlines, airport management, train operators, rail infrastructure management, water transportation, courier services, and private bus services.



#### Technology, media & telecoms

##### Telecoms

Includes telephone, mobile, digital, and other communication services.

##### High-tech

Includes IT-related devices, computer and computer-related devices, audio and video equipment, broadcasting and communication equipment.

##### Media

Includes radio, television, and digital broadcasting stations and services as well as printing and publishing of newspapers, periodicals, and books.



## Services

For the purposes of this report, we've categorised the tax advisory market into sub-services that cover direct and indirect tax services including local, national, and multi-jurisdictional tax advisory. It also covers private wealth and business tax management including risk management and regulatory compliance

Where mergers and acquisitions work is concerned, advising on deals is included (under M&A), but corporate finance fees on deals themselves are generally not included although it is not always straightforward to separate the two.



### Corporate tax

Multi-jurisdictional tax advisory, including corporation tax compliance, reporting, and risk management for direct/indirect taxes



### Global employer/mobility services

Tax advisory services relating to a global workforce: compliance, tax, immigration, social security, risk, and reporting



### Indirect tax

Commercial solutions, including compliance, administration, optimisation, automation, business risk, and legal, relating to VAT and other sales tax, customs & excise duties, international trade, environmental taxes, insurance premium tax, etc.



### International tax

Managing global tax compliance and risks and meeting cross-border reporting obligations. Includes financing and structuring, transfer pricing, business model optimisation, and Base Erosion and Profit Shifting (BEPS).



### Private wealth

Financial advisory for private individuals, families, family offices, and private trust companies, including wealth and family tax planning, investment strategies, risk and governance, compliance and regulation, technology and processes.



### Tax dispute resolution & controversy

Services contributing to the mitigation, management, resolution, and post-exam improvement of tax disputes (often multi-jurisdictional), usually relating to income taxes, transfer pricing, and indirect or other taxes



### Transaction tax

Tax advisory services relating to mergers, acquisitions, joint ventures, equity investments, or divestitures



### Transfer pricing

The management of transactions—for tax purposes—between connected parties, including strategic alignment, automation processes, resource models, enabling technology, and risk and compliance.



## Contributors

We are extremely grateful to all the people we spoke to for making this report possible. Below is a list of individuals who have contributed (excluding those consultants who wished to remain anonymous).

Name	Job title	Organisation
Andrew Argue	Chief Executive Officer	Corvee
Kate Barton	Global Vice Chair for Tax	EY
David Linke	Global Head of Tax and Legal	KPMG
Brint Ryan	Chairman and CEO	Ryan LLC
Carol Stubbings	Global Tax and Legal Services Leader	PwC
Vikas Vasal	Global Head of Tax	Grant Thornton International Ltd.





## About the authors

### Fiona Czerniawska

A Co-founder and Managing Director of Source, Fiona is one of the world's leading commentators on the management consulting industry. Since founding Source in 2007, she has been bringing this expertise to bear on our clients' most pressing strategic projects and business issues. Fiona has published a dozen books on consulting topics, including two for The Economist: *Business Consulting: A Guide to How it Works and How to Make it Work* and *Buying Professional Services*.

She has more than 20 years' experience as a management consultant, working primarily in the areas of marketing and strategy. She was previously in charge of strategic planning for EY in the UK and has worked in the consulting practice of PwC. Fiona also has a PhD in 17th-century French art and lives in hope that it will be of practical use in business someday.

#### Fiona Czerniawska

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## Programme schedule for 2021

Reports 2021		Market Trends Programme	Client Perception Studies	Emerging Trends Programme
Q1	January	Forecasts for 2021 US GCC UK Nordics Canada	UK US	
	February		Germany Financial Services	
	March		Healthcare & Pharma GCC France	Buying and Selling
Q2	April	France DACH Australia Southern Europe	Nordics Energy & Resources Technology, Media & Telecoms	
	May		China Japan	Digital, Transformed?
	June			
Q3	July	China Benelux South America South East Asia India Japan Eastern Europe & Russia Africa		
	August		Perceptions of Risk Firms Perceptions of Tax Firms	Consulting's New Talent Crisis
	September		Perceptions of Audit Firms	
Q4	October	The Global Tax Advisory Market The Global Risk & Cybersecurity Services Market Healthcare & Pharma Technology, Media & Telecoms Consumer Products & Retail Planning for Growth in 2022		
	November			Building a Trusted Brand
	December			

Please note that with the purchase of all Market Trends reports in 2021, you will also gain access to a monthly video summary on the global market, presented by Fiona Czerniawska.

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## About us

Source analyses the way in which economic, business, behavioural, and technology change drives how organisations use professional services, and the implications that has for professional services firms.

Since its inception in 2007, Source has invested in sophisticated, proprietary research techniques that not only provide unique insights on current and future trends in the market, but also provide a better and faster solution than you would be able to reach yourself.

Our analysis and recommendations are derived from data and experience, and we use our team's extensive knowledge of the industry to provide actionable and clear conclusions on the best course of action for you and your firm. Our insights have underpinned some of the biggest strategic investment decisions made by professional services firms around the world.

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In addition to our report programmes, we also provide custom advice and research-led consulting services to the world's biggest and most successful professional services firms, helping them identify the best areas for investment and plan their strategic responses.

Among other things, our work includes:

- Deep market and competitor analysis
- Acquisition strategy
- Proposition strategy and development
- Brand and client sentiment analysis
- Thought leadership and content strategy, development, and review

For more information about any of these, please visit our website or get in touch.