

US Accounting, auditing and taxation services market

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Interviewee

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HOW IS MARKET SHARE SHIFTING AMONG BIG FOUR, MID TIER AND REGIONAL FIRMS

Answer: Market share is gradually shifting from the Big Four to mid-market firms. On the demand side, mid-market companies and those at the smaller end of the large enterprise segment are seeking more direct engagement with senior professionals, which the Big Four often cannot provide. On the supply side, many experienced Big Four directors are moving to mid-market firms, as their advancement opportunities are constrained by an already crowded partnership layer. These career-driven transitions are strengthening the mid-market segment and reinforcing the overall shift away from the Big Four.

WILL MID-TIER FIRMS CONTINUE TO CONSOLIDATE TO SERVE LARGER CLIENTS AND WILL THEY ALSO ACQUIRE SMALLER FIRMS?

Answer: Yes, through two main routes. One involves geographic roll-ups aimed at expanding reach and serving a broader base of smaller clients more efficiently. The other focuses on building specialized capabilities for upper mid-market clients through targeted acquisitions that create critical mass by service line and industry vertical. While mergers between large private equity-backed platforms could emerge in the longer term, the U.S. market still has significant runway for standalone consolidation. However, such mergers face considerable challenges, including cultural alignment, integration of technology systems, and overlapping office footprints, which make execution complex and resource-intensive.

WHAT IS THE OUTLOOK FOR ADVISORY-FIRST BUSINESS MODELS AND THE TREND OF SEPARATING ADVISORY SERVICES FROM AUDIT FUNCTIONS?

Answer: The advisory mix is expected to keep expanding as firms seek higher-margin, less regulated service lines. Successful models clearly identify their target client segments, build meaningful scale at the intersection of vertical expertise and service capability, and develop credible go-to-market strategies supported by strong partnerships. These firms also design incentive structures that motivate partners to sell and cross-sell effectively, rather than relying solely on audit-driven relationships. Over time, this separation from audit will help firms become more flexible, differentiated, and better positioned to capture sustained growth in advisory revenues.

WHAT IS THE CURRENT ROLE AND FUTURE TRAJECTORY OF TAX ADVISORY SERVICES WITHIN ACCOUNTING FIRMS?

Answer: Tax advisory continues to serve as an effective entry point and cross-sell engine for accounting firms, providing deep insight into clients' operations and enabling broader service relationships. The segment is benefiting from increasing complexity across federal, state, local, and cross-border tax

regimes, which is driving sustained demand and supporting healthy margins. Specialized tax advisory firms are capturing market share from the Big Four by offering more flexible, tailored advice while remaining within the bounds of lawful tax minimization. As regulatory requirements and global reporting standards continue to evolve, the need for sophisticated, technology-enabled tax advisory solutions is expected to grow, further strengthening the strategic importance of this service line within diversified accounting platforms.

HOW ARE COST STRUCTURES, PARTNER-TO-STAFF LEVERAGE RATIOS, OFFSHORING STRATEGIES, AND TECHNOLOGY ADOPTION EVOLVING WITHIN ACCOUNTING FIRMS?

Answer: Talent remains the biggest cost driver and constraint in the accounting industry, making attraction and retention of skilled professionals a top priority. Under private equity ownership, partner leverage typically increases as partners focus more on business development and require larger delivery teams to execute growing volumes of work. Offshoring has become a key differentiator, especially among mid-market firms, allowing them to improve efficiency, manage costs, and offer more competitive pricing while maintaining quality. Technology investments, particularly in automation and workflow optimization, are steadily enhancing productivity. While generative AI is creating incremental gains rather than transformative ones, firms that effectively integrate AI into processes and provide modern digital tools for junior staff are gaining a clear edge in both efficiency and talent recruitment.

WHAT IS THE OVERALL MARKET OUTLOOK FOR THE ACCOUNTING INDUSTRY, AND WHAT ARE THE KEY GROWTH DRIVERS AND HEADWINDS SHAPING ITS TRAJECTORY?

Answer: The outlook for the accounting industry remains broadly stable, with audit and tax continuing to provide steady, recurring growth driven by regulatory requirements and compliance needs. However, advisory performance is expected to be more uneven, influenced by cyclical demand and sector-specific dynamics. Corporate finance may experience near-term pressure depending on the sustainability of the current private equity activity, while areas such as ESG advisory have slowed as firms pause or scale back earlier buildout plans. Similarly, cybersecurity advisory has increasingly shifted toward specialized providers, leading to greater commoditization within accounting firms. Inflation-driven price increases that supported recent revenue growth are also expected to moderate, tempering topline momentum. Nonetheless, firms that can position themselves as trusted, value-added advisors by offering integrated, forward-looking insights rather than transactional services are best placed to capitalize on client uncertainty and capture new growth opportunities amid a shifting market environment.

QUESTION: HOW ARE PRICING MODELS AND TRENDS EVOLVING IN THE ACCOUNTING INDUSTRY, AND WHAT DIFFERENCES ARE EMERGING ACROSS MARKET SEGMENTS?

Answer: Pricing dynamics in the accounting industry continue to be shaped by the longstanding premium commanded by the Big Four, which creates a pricing umbrella for mid-market and regional players. High client switching costs and strong relationship stickiness limit price-driven churn, allowing firms to maintain stable margins even in competitive environments. The U.S. market is moving faster than most other regions toward fixed-fee and value-based pricing models, as firms seek to retain the economic benefits of efficiency gains from automation and technology rather than passing them fully to clients. However, traditional time-and-materials billing remains dominant, particularly for complex, bespoke, or advisory-driven engagements.