conclude in early 2023.

Jason Bramwell • Sep. 08, 2022


EY's top global executives are moving ahead with a plan to split the Big Four firm's auditing and consulting practices into two separate companies—a move that, if approved by the firm's partners and regulators, would be the biggest shake-up in the accounting profession since the demise of Arthur Andersen after the Enron scandal 20 years ago.

In a statement Thursday morning, EY said, "The world is changing, and we have to adapt to continue to thrive and achieve our full potential, while we address the needs of all of our stakeholders."



> this phase to continue through the end of the year, with voting expected to begin on a country-by-country basis in late 2022 and conclude in early 2023.
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> Having carefully considered various options, we firmly believe that we can embrace the changing landscape, build businesses that redefine the future of our professions, create exciting new opportunities, and deliver greater long-term value for EY people, clients and communities.
>
> EY is proud of its legacy as a leading global professional services organization. The world is changing, and we have to adapt to continue to thrive and achieve our full potential, while we address the needs of all of our stakeholders.
>
> We look forward to engaging with EY clients, people, partners and stakeholders to share our bold vision for the future that amplifies our purpose of building a better working world.

The plan, known as Project Everest, separates EY's auditing business, whose clients include Amazon.com and Apple Inc. among others, from its faster-growing consulting business, with EY tax professionals being placed in whichever of the two companies best suits their specialties. The two new entities are referred to in-house as AssureCo and NewCo.

EY has said the separated firms would each have more growth opportunities than they would under the existing single structure, according to the *Australian Financial Review*. EY is the third largest accounting firm in the world in terms of revenue, trailing PwC and Deloitte. The plan would also address nagging from regulators to keep audit and advisory clients separate in order to avoid conflicts of interest that



> EY consultants also want to be able to provide managed services, also known as outsourcing, to clients using technology from companies EY currently audits including Salesforce, Google, Amazon and Workday.
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> AssureCo would provide a range of services including auditing and sustainability reporting services, retain the EY brand and be completely owned by the existing auditing partners. It is expected to generate revenue of between $US18 billion ($26.6 billion) and $US20 billion when it begins operating, with growth forecast at 7 per cent a year.
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> NewCo would provide consulting, strategy and transaction, corporate taxation and outsourcing services and be rebranded. This business is expected to start operating with between $US25 and $US27 billion of revenue and grow at between 20 and 25 per cent a year. NewCo would be floated on the sharemarket, with existing partners (who would become executives in a corporate structure) retaining 75 per cent of shares.

EY leaders had reportedly asked the Securities and Exchange Commission if they could temporarily use the EY brand name for both the new independent consulting firm and its existing auditing firm if the split is ultimately approved. But SEC Acting Chief Accountant Paul Munter said on Aug. 29 that "an accounting firm [contemplating] the divestiture of a portion of its business or other form of restructuring where its intent is that the divested entity no longer is part of the accounting firm post-transaction … [the divested entity is prohibited] from profiting



Sibio. He said a large portion of this money would be used to pay partners, but declined to specify the amount, according to WSJ.

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