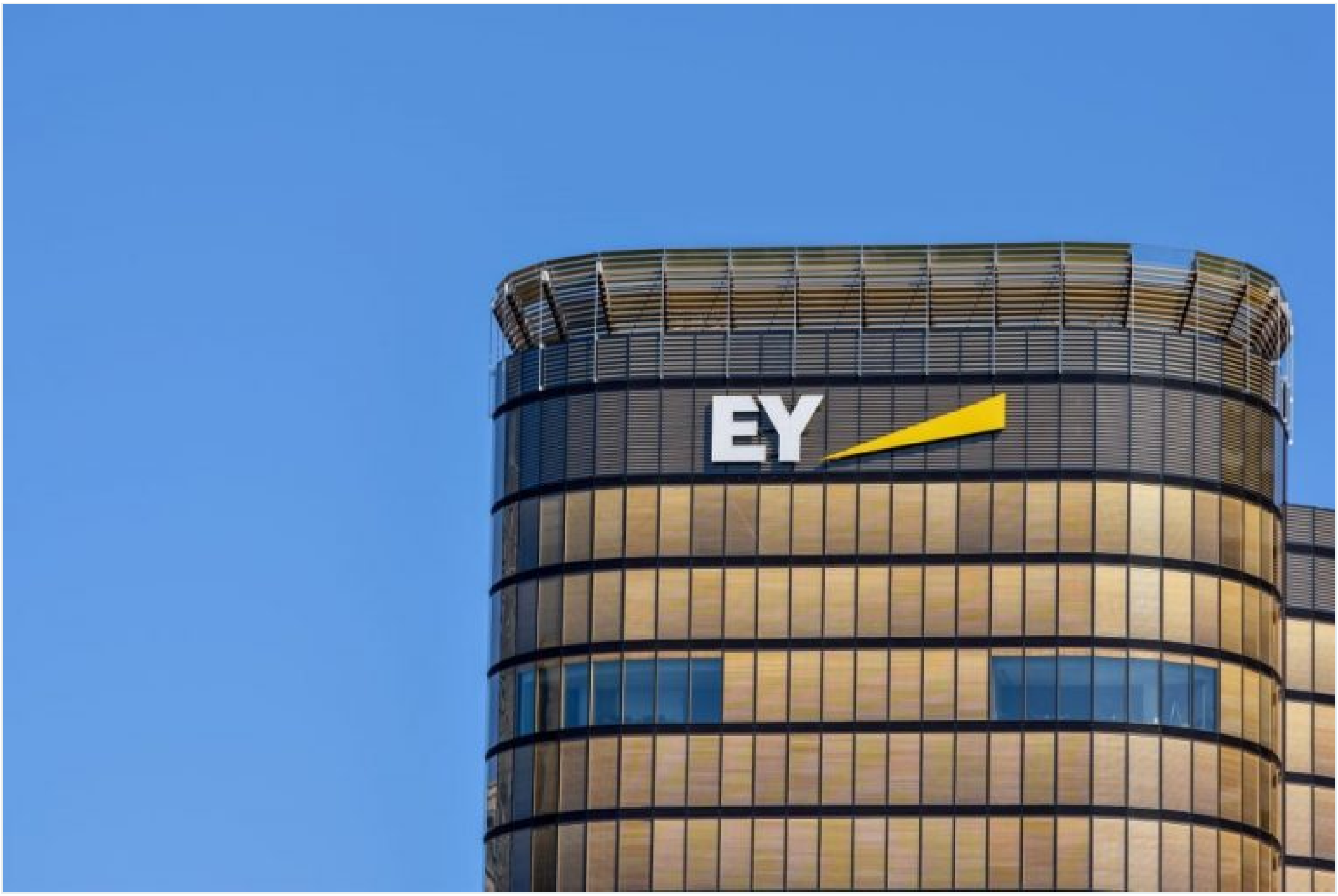
consulting businesses under one roof.

Jason Bramwell • Sep. 21, 2022



As we await the votes from EY partners worldwide on whether they approve of the Big Four firm separating its auditing and consulting businesses into two different entities, EY announced today what could be its last global revenue numbers with both lucrative service lines under one roof.

EY pulled in $45.4 billion for the fiscal year ending June 30, an increase of 13.7% over last year's revenue of $39.95 billion. The firm claims it is the highest year-over-year revenue growth in nearly two decades.

The auditing business would likely continue under the EY brand and would start operating with revenue between $18 billion and $20 billion, with 7% growth expected annually. It is referred to as "AssureCo" in internal discussions of the plan, which also has a name—Project Everest.

EY's assurance practice has been the biggest revenue generator for the firm in each of the last 13 years, and 2022 was no different. Assurance brought in nearly $14.4 billion, followed by consulting with $13.8 billion, tax with almost $11.3 billion, and strategy and transactions with about $5.9 billion.

But consulting has been the fastest-growing business at EY, especially the past five years, and it had the biggest revenue increase year over year at 24.5%, followed by strategy and transactions at 22.8%, tax at 7.9%, and assurance at 6%.

According to the Project Everest plan, EY leaders foresee the new spun-off consulting business, called "NewCo" internally, initially starting with between $25 billion and $27 billion of revenue, and grow at between 20% and 25% a year. With conflict of interest concerns gone, EY global leaders believe the independent consulting business would grow more quickly on its own. However, the consulting business would need a new brand/name/logo as it will not be able to use any EY branding.

The assurance business would remain as a partnership, with audit partners receiving cash windfalls to compensate them for parting ways with the consulting piece of the firm, according to the *Financial Times*.

EY is not required to disclose profits in its yearly financial announcement but it would have to publish detailed financial information for its consulting arm ahead of its planned initial public offering of the business next year. Consulting partners would be awarded shares in the new businesses but would be forced to take hefty pay cuts, the *Financial Times* reported.

Some experts in tax and valuations would remain on the auditing side, while other

better and more dynamic career opportunities; people can learn more, take on new roles, and explore different mobility options."

The full statement from EY about the potential split is as follows:

> EY leaders have now recommended that the organization evolves into two distinct, multidisciplinary organizations. One would be a global network of multidisciplinary member firms committed to assurance, tax and advisory services with all the capabilities required to deliver high-quality audits, serve the public interest and focus on the CFO agenda and sustainability; and the other would be a new global corporate entity comprising Consulting, Strategy and Transactions (SaT), the majority of Tax, and managed services.
>
> In taking this bold step, EY can better serve EY people, clients and broader stakeholders in a once in a generation opportunity to redefine the future of professional services. This move will create better and more dynamic career opportunities; people can learn more, take on new roles and explore different mobility options.
>
> It would mean increased access to capital to reinvest in people and client services and solutions, with a laser focus on the issues that matter most to clients and stakeholders.
>
> It would also mean more choice for clients for both audit and transformation services, and an even stronger focus on ESG priorities, as well as more opportunities to develop new corporate responsibility programs – such as co-investments in "green" projects

> – so that we can make an even bigger impact in the communities in

2022, ahead of the Europe, Middle East, India and Africa (EMEIA) region ($17 billion) and Asia-Pacific ($7.2 billion).

Earlier this month Deloitte announced revenue of $59.3 billion in 2022. PwC will likely announce its 2022 revenue before month’s end, followed by KPMG announcing its revenue results in December.

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