Former partner at PwC sees shift from big four

Edmund Tadros
Professional services editor

Economist Jeremy Thorpe tends to see business cycles and act accordingly.

He joined PwC Australia in 2007 from Allen Consulting Group (now ACIL Allen) because he thought clients were moving their work from smaller firms to the big four consulting firms.

His first role at the big four firm was taking charge of PwC's economic and public policy team. By 2012, he was the firm's managing partner in Canberra and later became its chief economist for five years until 2022.

Almost 17 years later, the now former PwC partner has moved back to another smaller specialist advisory firm, Sapere, because clients are, once again, on the move.

"I joined PwC when I didn't see a market for the middle market firms," he said. "We are now clearly seeing a shift to clients moving away from the big four; they are now valuing expertise and having more engagement with senior staff."

He said it was a structural shift in demand, similar to the change that motivated him to join PwC all those years ago. This time around, clients for the type of economic advice he offers are taking their work to smaller, more specialised, firms.

Other firms have also noted the structural shift. Last week, KPMG Australia's consulting boss Paul Howes said there had been a "fundamental shift" in the advisory market away from "legacy assessment and advice services". In response, Mr Howes is restructuring the firm's consulting division to become more tech-focused, and will cut about 200 jobs.


Jeremy Thorpe is now a director at Sapere. PHOTO: DOMINIC LORRIMER

Big four industry insiders also say unless there is a dramatic turnaround in the next few months, there is likely to be more cuts at the firms in September and October.

Mr Thorpe, who has already started his new role as a director, said he would provide a range of familiar and new advisory services as a director at Sapere.

"I'm still doing economics and policy advisory work for government and corporates," he said. Sapere, which has five offices across Australia and New Zealand, has seven managing directors, 22 directors and about 70 staff.

Clients are valuing expertise and having more engagement with senior staff.
Jeremy Thorpe, Sapere

The smaller firm will also allow Mr Thorpe to do more expert witness work, a service that was difficult to do at the big four firm because it would often conflict with the work the firm was doing for other clients.

Mr Thorpe said it was "a shock initially" to leave PwC after such a long time. "It took some time to divorce myself from the brand, but I'm part of a different brand, and my own brand going forward," he said.

He said his proudest work while at PwC was the 10 years or so he spent helping the federal Department of Education develop a standardised approach to identifying the number of students with disabilities and their educational support arrangements. That work fed into the funding model that emerged from the landmark Gonski review into Australia's school funding.

"I felt I made a major difference for many people across the country with that work," he said.


Kearney senior partner Anshuman Sengar is picky about how he uses generative artificial intelligence tools. PHOTO: PETER RAE

Efficiency boost: AI saves senior partner up to 20pc of his time

Edmund Tadros

Anshuman Sengar says using AI to summarise meetings, write emails and research topics has helped him become more effective at work.

But the Kearney senior partner says he is picky about how he uses generative artificial intelligence tools – which create outputs based on prompts – and remains cautious about using the technology for any material that will go to clients or requires judgment.

"I think it does save time and I would say, on average, depending on how much I use, it does save me 10 to 20 per cent of my time," said Mr Sengar, Kearney's Asia-Pacific lead for digital and analytics.

"The real benefit is I'm able to cover more things. So it's actually increased my coverage more … it's not like I've got two more hours [in my day].

"I feel I'm more informed, and that is a very important point because AI is such an evolving field that I can't attend every meeting and I can't [look at] every article. I can't read everything."

Mr Sengar, who leads a team of about 150 consultants, mainly uses the same two generative AI tools widely used across the firm: Microsoft's Copilot and OpenAI's ChatGPT.

He said the ability of Copilot to summarise meetings was helpful in his current role, which is regional and across industry sectors.

"I think for most executives … the problem is too many meetings, too many internal emails," he said. "There are meetings where you want to be part of [but] you can't join … I find the most powerful use case is actually using Copilot for meeting summaries."

He believes Copilot tends to produce accurate summaries because it works from the entire transcript of a meeting. "I don't think accuracy in this use case is an issue … because the input data is your own meeting."

Mr Sengar also asks Copilot to summarise webinars and internal meetings he cannot attend by joining the event using Microsoft Teams and having Copilot summarise the key points.

He says he would never use the tool in this way with clients, but it can save time for internal events such as "practice meeting, ideation meeting, planning meetings and so on".

The senior partner also uses Copilot to create emails but is "very careful" to use the tool only to provide an initial draft for "mundane" messages.

"I'm very thoughtful. If an email needs a high degree of EQ [emotional intelligence], and if I'm writing to a senior client, I would usually do it myself," he said.

Mr Sengar also said he used ChatGPT to help him quickly understand new topics.

"There are one or two situations where I've had to quickly research on something in a sector … and I did ask ChatGPT, for this company … 'Can you look at last five years of what major events have happened?'" he said.

"So anything I would say, which is very macro and high level, I would still kind of use it … [but] I would still rely on my research team and analysts [for detailed research]."

Mr Sengar has published a series of short interviews with professionals about AI and has co-written papers on Kearney's website about it. He said the firm's clients commonly used generative AI to increase staff productivity.

"Using gen AI for productivity is now becoming very, very common," Mr Sengar said. "So clients are already using it, be it in the legal department, procurement departments, HR [human resources], finance – so a lot of corporate services."

■ Deloitte and EY have followed in the footsteps of KPMG and PwC by giving staff access to generative AI tools. Deloitte Australia offered its "MyAssist GenAI" platform to its workforce of 13,000 at the start of this week, and EY has expanded its adoption of Microsoft Copilot to the entire firm globally.

Consultants to lose $5.76b of UK government work

Simon Foy

London | Consulting firms risk losing billions of pounds of lucrative government work after the Conservatives and Labour both pledged to halve UK government spending on external advisory firms.

The two main parties made policy commitments to cut their reliance on consultants over the next parliament, a move expected to save about £3 billion ($5.76 billion) over five years.

Government use of consultants has risen to record levels since the last UK election, driven by demand for emergency schemes during the COVID-19 pandemic, as well as digital transformation projects and civil service training.

Eight companies – Deloitte, EY, KPMG, PwC, McKinsey, BCG, Bain and Accenture – have between them been awarded £7.1 billion of public sector contracts since December 2019, according to figures from data group Tussell.

Critics, including parliament's public accounts committee, warn that the government's reliance on consultants wastes money and prevents the UK's civil service from developing valuable skills in-house.

Lord Theodore Agnew, a then-UK government minister, said in 2020 that an "unacceptable" over-reliance on advisers wastes taxpayer money and " infantilises" the civil service.

A similar push to reduce the use of consultants and contractors has been under way in Australia since the extent of the PwC tax leaks scandal was revealed last year.

Labour leader Sir Keir Starmer and Prime Minister Rishi Sunak last week pledged to slash spending on consultants as they sought to find cash to fund their policy commitments against an uncertain economic backdrop.

Labour, which is far ahead in the polls, estimated it would save £745 million a year – or £3.73 billion over five years – by halving spending on consultants, which it said would be reallocated to "prioritising frontline public service delivery and public sector capability".

Calculations by the cabinet office, commissioned by the Conservatives, forecast that Labour's move would create net savings of £3.04 billion by the end of 2029.

The Conservative Party also said it would halve spending on external advisers, and introduce controls on all equality, diversity and inclusion initiatives and spending.

In addition, the party wants to return the civil service to its pre-pandemic size, which would mean axing nearly 90,000 roles, according to the Institute for Government.

"You can be more economic and say you'll save £3 billion by cutting consultants, but you've got to replace them with [civil servants]," said one veteran public sector consultant at a global advisory firm.

"You might see that as more efficient, but what it isn't is more effective. You would massively cut productivity, performance and effectiveness."

The UK government has previously made efforts to reduce the use of advisers in Whitehall, including the creation of an in-house consultancy arm during the last parliament.

Backed by former Downing Street adviser Dominic Cummings, the "Crown Consultancy" was supposed to cut government spending on private sector firms. However, the project was scrapped last year after officials admitted it didn't work and that departments preferred to use external advisers.

High spending since the last election has been a boon to consulting firms, with Deloitte awarded contracts worth £1.9 billion during the period, Tussell data showed. Its big four rivals KPMG, EY and PwC won £1.3 billion, £1.03 billion and £1 billion, respectively.

Actual spending is usually lower than the value of contracts awarded because many projects run over several years and because Tussell's data sometimes include contracts for projects such as IT upgrades, which the government does not classify as consultancy spending.

The consulting industry argues that bringing in advisory firms for short-term projects through competitive tenders is more cost-effective than employing specialists in government departments full-time.

"The next government will face a complex series of challenges on an unprecedented scale," said Tamzen Isacsson, chief executive of the Management Consultancies Association.

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