

NewsRelease

Ames Research Completes Third Annual Tax Services Survey

Latest Study Covers Mid-Market Companies

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Snohomish, Washington – Overall usage of tax services from Big Four and other providers have fallen slightly among the largest of US companies, according to a survey recently released by the Ames Research Group Inc. (ARG), a leading provider of market intelligence products for the professional services industry.

For the *2006 Big Four Tax Services Research Survey*, ARG spent two months interviewing more than 300 tax directors and other executives from among 1,000 middle-market US companies to determine which firms are providing tax services to each company. Furthermore, these tax executives also offered their assessment of leading firms, brand strength, and the key issues facing the tax services industry.

The 2006 survey follows ARG's previous two surveys covering Fortune 1000 companies.

“Following the 2005 study,” said Christopher Ames, president of ARG, “we were challenged to expand our tax research to cover more companies. Thus, Ames's 2006 Tax Services Survey uses the 1000 largest US companies below the *Fortune 1000* as its population. The result is a survey with more than 300 respondents, with the same methodology and rigor of the previous two studies. This group of middle market companies demonstrates its importance by contributing an estimated \$480 million in spending to the greater tax market.”

For the survey, tax directors were asked to identify which firm or firms provide the following services: federal tax compliance and planning; state and local compliance and planning; international tax; tax department reengineering; and tax department outsourcing. Furthermore, survey participants offered their opinion on firm brands in the same service lines by identifying which firm they might consider as a new or alternate service provider.

Ernst & Young was the single or co-leader in four of seven tax service lines studies, with Deloitte leading one service line.

“Ernst & Young’s lead in tax services market share in 2006 builds upon the firm’s results in the 2005 study,” said Ames. “Furthermore, both Deloitte’s and Ernst & Young’s strong showing in the tax market place closely mirrors the success the two firms have enjoyed in the audit market over the past 18 months, a result we find to be quite remarkable.”

With the successful completion of the 2006 middle-market survey, ARG offers a combined view of the tax market among the 2,000 largest US companies. “We believe our body of research, including interviews with more than 700 tax directors, to be unique,” said Ames. “And we look forward to expanding this research even further in 2007.”

Other key findings from the *2006 Big Four Tax Services Research Survey* include:

- Ernst & Young is estimated to have at least one tax service relationship with half of the 1000 companies in the overall population.
- Where non-Big Four firms amounted to only marginal levels of market share among Fortune 1000 companies, they represented a far greater share of the tax market among middle-market companies, especially in state and local tax.
- Among the so-called “second-tier firms,” Grant Thornton is by far the largest player.

More information on ARG’s *2006 Big Four Tax Services Research Survey* is available by contacting Christopher Ames, (425) 275-0369.

About The Ames Research Group

The Ames Research Group Inc. is a leading analyst of the Big Four professional service firms. Through products, publications, and consulting services, ARG provides an important, independent view of the competitive landscape of professional services. More information on the Ames Research Group can be found at www.amesrgi.com.

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