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A low-angle, upward-looking photograph of several modern skyscrapers with glass facades, reaching towards a blue sky with scattered white clouds. The perspective creates a sense of height and architectural grandeur.

Market demand for Professional Business and Advisory Services

Singapore, ASEAN region and China

About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants, offering business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

ACCA supports its **200,000** members and **486,000** students in **180** countries, helping them to develop successful careers in accounting and business, with the skills required by employers. ACCA works through a network of **101** offices and centres and more than **7,200** Approved Employers worldwide, who provide high standards of employee learning and development. Through its public interest remit, ACCA promotes appropriate regulation of accounting and conducts relevant research to ensure accountancy continues to grow in reputation and influence.

ACCA is currently introducing major innovations to its flagship qualification to ensure its members and future members continue to be the most valued, up to date and sought-after accountancy professionals globally.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability.

More information is here: www.accaglobal.com

About Singapore Accountancy Commission

The Singapore Accountancy Commission (SAC) spearheads the development of the Singapore accountancy sector with the vision of developing Singapore into a leading global accountancy hub. SAC is working to achieve this by deepening the skills of the accountancy talent pool; developing the industry to capture growth opportunities; and creating a hub and exchange by building Singapore into a centre for thought leadership. SAC is a statutory body under the Ministry of Finance.

**For more information,
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Market demand for professional business and advisory services

Singapore, ASEAN region and China

About this report

A key driver of regional growth will come from the rise of e-commerce and the digital economy. Businesses that want to seize the opportunities can move faster and more securely by using not only internal know-how, but independent specialist business and advisory services from consultants and experts outside their organisations. With the additional impact of technological disruptions, globalisation and an increasingly dynamic environment, the need to leverage on external advice is becoming more urgent and necessary than ever before. To ensure that consultancies (including accounting entities) offer services aligned to what businesses really need, ACCA conducted a research study, supported by the SAC (Singapore Accountancy Commission), to discover what businesses have budgeted for, in respect of professional business and advisory services.

This research report examines market demand for these services in Singapore, the ASEAN region and China for the next 3 years and beyond. It highlights the most demanded professional services by corporates and provides advice on how consultancies, including SMPs (Small and medium-sized (accounting) practices), can enhance their service delivery, by taking into account their clients' preferences in the format of delivery and billing options; and their clients' frank assessments of their services to-date. It also provides feedback to businesses on areas where other businesses, including their competitors, are leveraging on external advice to give them a competitive edge.



Foreword by ACCA



Leo Lee
President, ACCA

At all stages of growth, businesses frequently need specialist business and advisory services from professional accountants, consultants and experts outside their organisations. With the impact of technological disruptions, globalisation and an increasingly dynamic environment, these needs are becoming more urgent and necessary than ever.

With this increasing demand, service providers, which include SMPs (Small and Medium Accounting Practices), are offering advisory services as a way to differentiate and generate new revenue. Advisory and consulting services revenue growth was up in 2015 for 32 percent of SMPs according to the IFAC's Global SMP Survey¹. The International Accounting Bulletin released its World Survey 2016² based on fee income and staff data of accounting networks and associations globally and it indicates that advisory services have been the star performer for professional services firms in recent years, and this is unlikely to change anytime soon. MGI Worldwide³ notes that medium-sized SMPs are beginning to earn significant revenues from services that were virtually non-existent a decade ago, such as cyber security, data analytics, and regulatory advice.

To ensure what SMPs and other consultancies are providing is aligned to market needs, we'll need to know what services are actually demanded by businesses. For this reason, ACCA conducted a survey in 2017 to discover what corporates have budgeted for in the next 3 years, in respect of professional business and advisory services. This was followed by a roundtable discussion to look more deeply at what corporates required.

It was clear that the market demand for business advisory, beyond compliance and regulatory requirements, is growing strongly as corporates adapt to changing trends and business dynamics. This has been driven largely by growing demand for professional services to assist corporates to address issues relating to their strategic growth areas.

This provides an optimistic scenario for SMPs and consultancies who will be able to tap into this demand to experience real growth in the coming years. Nevertheless, there are challenges ahead, including the need for the relevant expertise and skillsets required to actually provide these services. A collaborative approach is needed, and that is why ACCA is working closely with the relevant regulators and national bodies in Singapore, the ASEAN region and China; to upskill and transform processes so that SMPs will be prepared to seize the burgeoning opportunities that will be presenting themselves in the coming years.



Leo Lee
President, ACCA

¹ IFAC Global SMP Survey: 2015 Results

² International Accounting Bulletin, World Survey 2016

³ Economia, June 2016

Foreword by SAC



Evan Law
Chief Executive, SAC

A pervasive global change is upon us, brought on largely by a technological revolution that is disrupting industries across the world at an unprecedented pace. New and huge markets have opened up such as ASEAN and China. Globalisation and the rise of global enterprises are increasing the complexity of regulations and intensifying the competition for talent. How would these global transformations impact the demand for professional services?

The Singapore Accountancy Commission (SAC) is pleased to partner ACCA on this study to determine market demand for professional business and advisory services in today's changing business environment in ASEAN and China. The findings provide clarity on this and point to a rise in demand for advisory services. Increasingly, sophisticated clients are expecting advice that help them to shape business strategies for growth, going beyond the traditional service where advice is provided for compliance purposes only.

How can our Accounting Entities (AEs) (or accounting firms) transform to tap on this growing demand for new services in the region?

Firstly, AEs need to diversify their offer of services to include areas in demand. This study found that the top three service categories that enterprises have budgeted for the next three years include Audit & Assurance, Tax Advisory & Compliance, and IT Advisory services. The Committee for the Future Economy's (CFE) Working Group for Legal and Accounting identified nine high growth areas and among them, the accountancy related areas include Business Valuation, Internal Audit, Finance, Projects & Infrastructure, Corporations, Restructuring, and Risk Management & Corporate Governance.

Secondly, firms need to regionalise. SAC's AE Regionalisation Survey 2016 showed that AEs that offer multidisciplinary services and are less dependent on audit services (with 50% or less revenue coming from audit services) generated a higher overseas revenue of 7% compared with AEs which were dependent on providing audit services (with 60% and above revenue from audit services) as these AEs generated an average overseas revenue of only 4%.

Thirdly, firms need to harness technology. There are areas in professional services that are routine in nature such as certain functions in auditing. These areas can benefit from automation to achieve greater efficiency and productivity so that firms can extend their offer of services to include advisory services. Additionally, technology and risk advisory services are increasing in demand.

Lastly, professionals must continually upgrade their skills to be future-ready. Professionals who have multi-disciplinary skills and an international outlook are in good stead to provide high value-adding specialised services to the region.

Practising professionals and policy-makers alike will find this study useful as it identifies key demand drivers and growth areas – information that is constructive in drawing up expansion plans and determining talent needs both for corporate and industry development. As SAC's vision for Singapore is to be a trusted global exchange for high value and specialised accounting services, this report will help in our collaborative efforts to develop Singapore into a leading global accountancy hub.

A stylized, handwritten signature in black ink, appearing to read 'Evan Law'.

Evan Law
Chief Executive, SAC

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Methodology

The findings of the study were drawn from a survey with 275 senior executives in the ASEAN region and China, who are responsible for the corporate accounts and/ or finance department, as well as a roundtable discussion with professionals and key decision-makers of professional services in Singapore. Approximately half (54.2%) of the respondents were small and medium enterprises⁴ with revenue of less than SGD100 million; while the rest were multinational and larger companies. The survey was conducted from October 2017 to November 2017. For further details of the respondents, please refer to Section 4.1 Introduction – Survey Respondents. The roundtable discussion was conducted with the participation of 20 executives and professionals, who are involved in both the demand and supply sides of professional business and advisory services. A list of the roundtable participants is provided in the Appendix, Section 5.3 – Acknowledgements section. The study also made reference to past studies and other materials available in the public domain to provide a comprehensive picture of the market. Respondents to the survey were asked to share some basic details of their enterprises and insights into what professional and business advisory services their enterprises would need in the next three years, as well as their expectations and priorities when engaging professional firms for such services. Data collected from the survey served the analysis of two main themes: (i) Most demanded professional services in the next 3 years, and (ii) Quality of professional service, as perceived by corporates. Please refer to Section 5.2 Appendix for the list of survey questions.

Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below.


ACCA	Association of Chartered Certified Accountants
ALL	refers to all (275) respondents in the survey
CEO	Chief Executive Officer
CFO or CFOs	Chief Financial Officer(s)
CPA	Certified Public Accountants
HR	Human Resource
ICPAS	Institute of Certified Public Accountants of Singapore, now known as Institute of Singapore Chartered Accountants, ISCA
ISCA	Institute of Singapore Chartered Accountants, (ISCA was previously known as Institute of Certified Public Accountants of Singapore, ICPAS)
IT	Information Technology
M&A	refers to mergers and acquisitions
non-regulated service lines	refers to largely non-regulated service lines
Professional Services	The term used encompasses professional business and advisory services
regulated service lines	refers to largely regulated service lines
SMEs	small and medium enterprises, enterprises with revenue of less than SGD100 million
SMPs	small and medium practices

⁴ For the purpose of this report, respondents are classified into four revenue bands, as follows: (i) below SGD10 million, (ii) SGD10 million – below SGD100 million, (iii) SGD100 million – below SGD1 billion, and (iv) SGD1 billion and above.

Findings



MAIN DRIVERS OF GROWTH

1	Increase in higher value-add work through automation		51.3% SME 47.0%
2	Talent attraction, development and retention Business model innovation		45.5% SME 44.3%
3	Mergers and acquisitions Talent attraction, development and retention		41.1% SME 43.6%



MOST DEMANDED PROFESSIONAL SERVICES

NON-REGULATED SERVICE LINES

1	IT Solution Business		2.84 SME 2.43
2	Risk Advisory Process Improvement		2.43 SME 2.42
3	International Tax Advisory Risk Advisory		2.42 SME 2.40

SERVICE LINES (OVERALL):

1. Statutory Audit 2. IT Solution Business 3. Tax Compliance


SERVICE CATEGORIES

1	Audit and Assurance		48.5%
2	Tax Advisory & Compliance		43.6%
3	IT Advisory (including IT Solution Business)		43.1%





MAIN SERVICE PREFERENCES


PROFESSIONAL ADVICE ATTRIBUTES

1	Quality		78.2%
2	Relevance		68.7%
3	Timeliness		45.8%

SERVICE DELIVERY


1	Face-to-face discussion – human consultant		92.7% Customised information
	Email		88.7% Standardised information
2	Detailed study with customised solutions		90.2% Customised info.
	Face-to-face discussion – human consultant		88.4% Standardised info.
3	Detailed study with structured plan and key performance targets		88.7% Customised info.
	Detailed study with general solutions		79.6% Standardised info.

BILLING OPTIONS

1	Individually negotiated		88.7%
2	Per transaction, cost-based		88.4%
3	Per transaction, value-based		79.6%

NOTES:

- The Findings compiled above were undertaken for the ASEAN region and for countries with more than 50 respondents.
- Percentages represent the proportion of respondents that selected the option. Absolute numbers are weighted averages indicative of the proportion of the budget allocated to the option on a 5-point scale (with 1 indicating the lowest proportion of the budget).
- 'ALL' includes SMEs and non-SMEs (i.e. larger companies, including MNCs (multi-national corporations)). For more non-SME data, please refer to Chapters 3 and 4.
- The above Findings are to be read in conjunction with the key findings in the Executive Summary.



1. Executive summary

The demand for professional business and advisory services is rapidly evolving, amidst rising deregulation of requirements for assurance, stiff competition and technological disruptions.

Simultaneously, enterprises are increasingly turning to professional services firms, beyond compliance requirements, to seek business and advisory services, so as to manage risks, keep pace with changing trends, and grow new revenue streams and markets. These changes are also forcing professional services firms to extend their service offerings and expand their networks. Most professional services firms, in particular SMPs, face difficulty in transforming their business models, which are traditionally based on assurance, tax and regulation compliance. They are challenged by the lack of resources and expertise in the relevant areas.

The objective of this study is to provide clarity on enterprise demand for professional services, so as to identify the main growth areas of service lines in the next three years, highlight enterprises' strategic growth areas of interest, communication and billing preferences, and to provide insights to enhance the delivery of professional services. It also highlights to enterprises of where businesses are seeking help from external advisors to accelerate their growth. These services provide these businesses a comparative advantage over those which rely solely on internal sources of advice and insights.

The three pertinent points that can be derived from this study are that: (1) the importance and demand for professional advisory services is striking, urging professionals, particularly in SMPs, to expand or extend their service offerings beyond regulatory compliance to include these services; (2) the survey highlighted enterprises' preference to retain SMPs, where local knowledge is key to the engagement; and (3) there is an urgent need to strengthen professional services' technological offerings to address business disruptions and digitalisation faced by enterprises. This urgency calls for professional firms in the accountancy sector to improve their current level of competencies in technology-related advisory services.

KEY FINDINGS

The key findings of the study are as follows:

1. GROWING DEMAND FOR NON-REGULATED PROFESSIONAL SERVICES: While regulated professional services such as Audit & Assurance and Tax advisory & Compliance will always be required, the rise in demand for business advisory, beyond compliance and regulatory requirements, is growing significant and urgent, as enterprises adapt to the changing trends and business dynamics.

This has been driven largely by growing demand for professional services to assist corporates to address issues relating to their strategic growth areas.

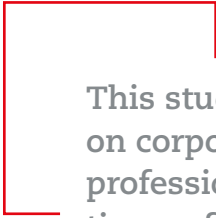
2. TOP NON-REGULATED PROFESSIONAL SERVICES:

The non-regulated service lines reflect a growth in the demand for advisory services that are linked predominantly to technology, risk management and international tax advisory. These advisory services include (1) IT solution business, (2) Risk advisory and (3) Process improvement in China. In the ASEAN region, IT solution business and international tax advisory take the top two spots. There is a higher demand for accounting advisory in Singapore, whereas a high demand for risk advisory is expected in the ASEAN region, excluding Singapore.

3. STRATEGIC GROWTH AREAS:

The main drivers of strategic growth, identified by enterprises from the survey, include: (1) Increase in higher value-add work through automation; (2) Talent attraction, development and retention; and (3) M&A.

Larger enterprises are expecting more growth from M&A, whereas smaller enterprises seek further development through Business model innovation.



This study provides clarity on corporate demand for professional services in times of changing trends and technological disruptions.

In the ASEAN region, while the top three growth areas are similar, M&A takes a higher priority over talent attraction, development and retention in Singapore. However, there is a difference in China, where enterprises seek assistance for talent attraction, development and retention most. They also envision that more help is needed for Business model innovation than the ASEAN region respondents.

4. TOP SERVICE CATEGORIES

DEMANDED: The top three service categories that have been budgeted by enterprises in the next three years are Audit & Assurance, Tax Advisory & Compliance, and IT Advisory services. This finding is consistent across Singapore and the ASEAN region. However, in China, higher budgets will be allocated to Risk Management & Governance, compared to Tax Advisory & Compliance, in view of regional/ global expansion and uncertainty linked to these economies.

The survey also examined the service delivery demands for Professional Services of enterprises, with findings as follows:

5. PROFESSIONAL SERVICES

IMPROVEMENT: On the largest areas for improvement, quality and relevance of advice are perceived to be crucial to enterprises. Professional services firms should make efforts to understand their clients, the specific matter at hand, and

provide feedback to address underlying topics unique to the business. A key message delivered was the importance of deepening knowledge of the industry and the specific circumstances of the client; and the sharing of benchmarks and best practices. Several “stay-away” concerns were raised, including “off the shelf”, “just theory and rules” and generic solutions.

6. SERVICE PREFERENCE: In terms of service delivery, enterprises value quality, relevance and timeliness of advice as the highest priorities when receiving external support. This finding is consistent across Singapore, China and Hong Kong. In the ASEAN region, the cost of advice is of higher significance to enterprises. This is confirmed by anecdotal evidence from Vietnam. Findings show that enterprises are not particular with professional services firms offering a wide range of services, but rather, they value the depth of knowledge available to address concerns.

7. COMMUNICATION PREFERENCE:

Effective communication is important in securing and maintaining customers. For standard information delivery, most enterprises across the ASEAN region and China prefer email correspondence, followed by face-to-face discussion with the consultant; and then detailed study with general solutions. For customised information, face-to-face discussion with consultant is most preferred, followed by

detailed study with customised solutions, and then detailed study with structured plan and key performance targets. Enterprises across these regions were least receptive to chatbots, in spite of its growing popularity – as evidenced by the general literature.

8. BILLING PREFERENCE: On pricing models, most enterprises in the ASEAN region and China prefer individually negotiated pricing models, followed by cost-based fee per transaction, and value-based fee per transaction. The inclination for these pricing models reflect the growing demand for services and solutions customised around the specific needs of enterprises.

This study provides clarity on corporate demand for professional services in times of changing trends and technological disruptions; enabling professional accountants in practice and consultants to review their service lines to introduce new services or scale down other services, taking into account corporate demand from enterprises for the next 3 years.

Enterprises will be able to review the services demanded by other enterprises and review their own needs for these services, to boost their strategic growth. Likewise, policymakers could use findings from this study to re-examine talent needs and required competencies for industry development.

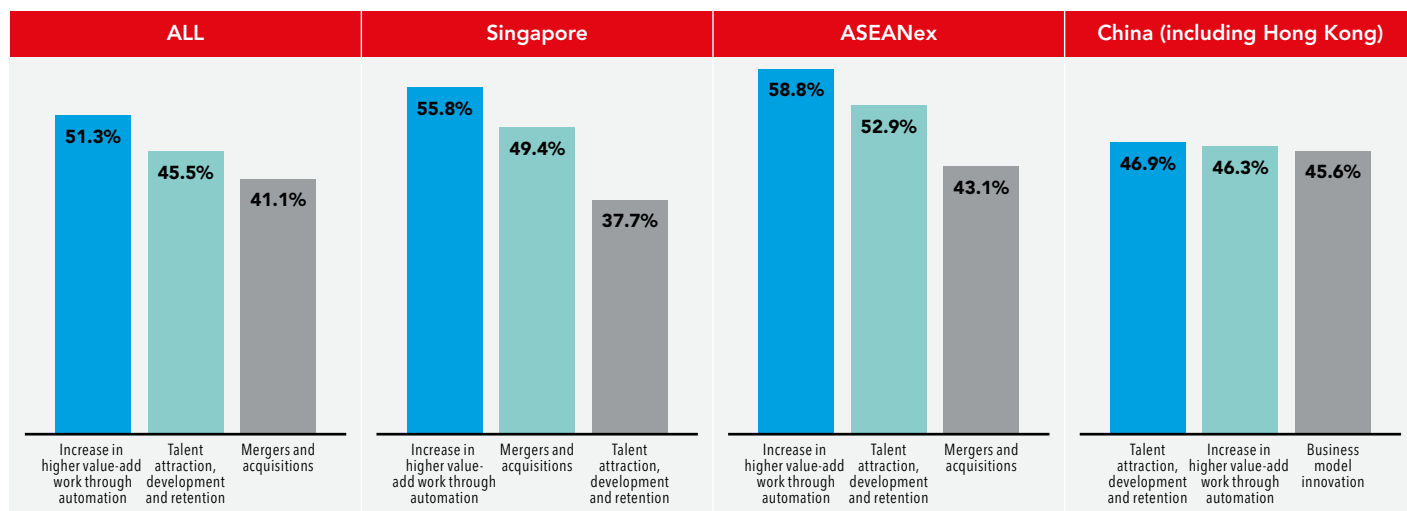


Data highlights

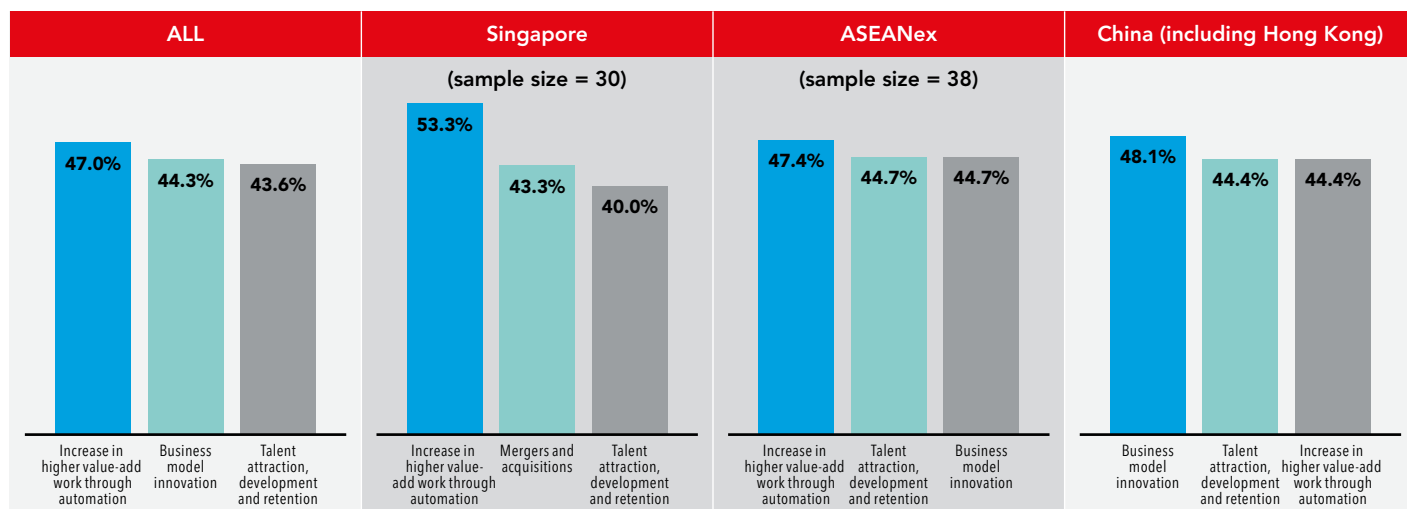
The data highlights show the top drivers of growth as identified by enterprises, including SMEs; the professional services most demanded by enterprises in the next 3 years; as well as the enterprise's key preferences when delivering these services and billing.



TOP 3 DRIVERS OF GROWTH – ALL

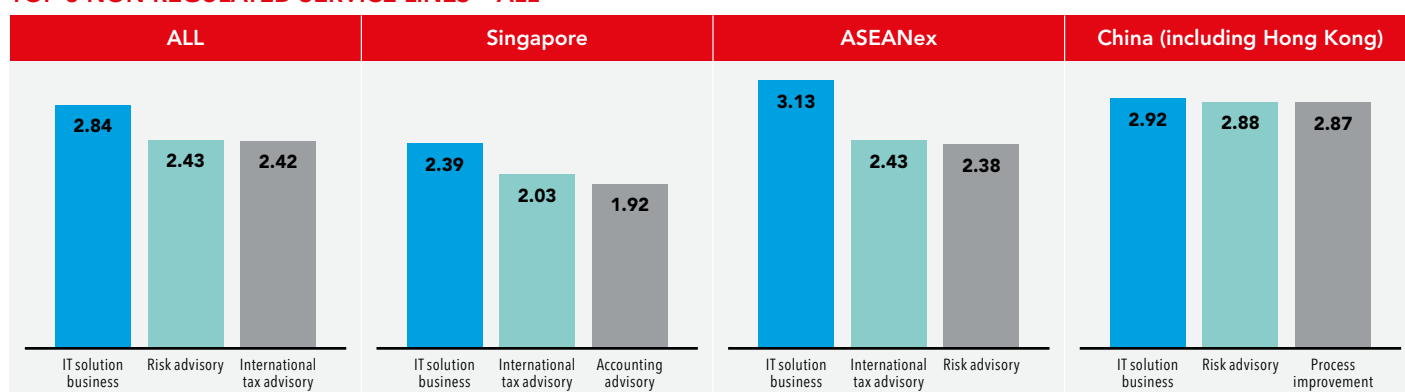


TOP 3 DRIVERS OF GROWTH – SME

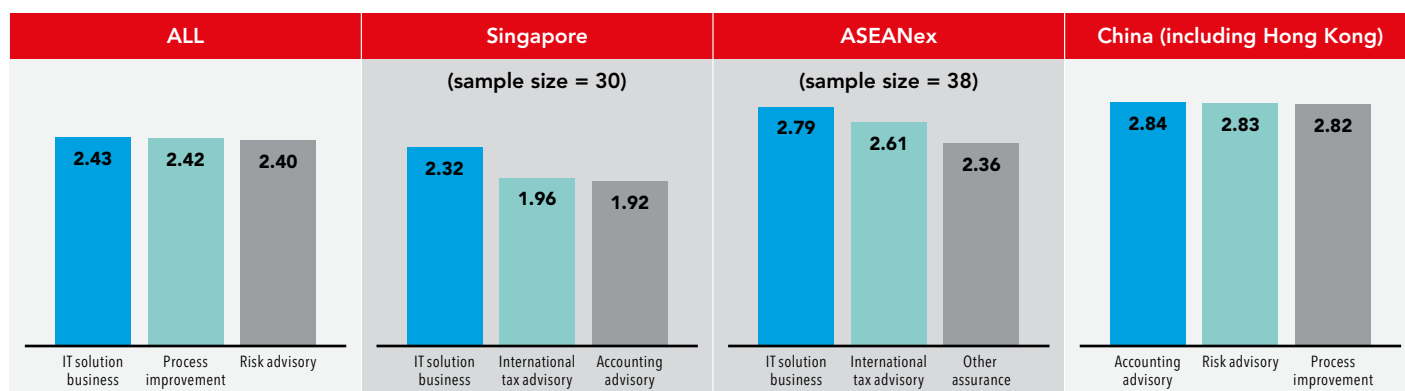


IT Solution Business is the most demanded non-regulated Service and the second most demanded Service overall.

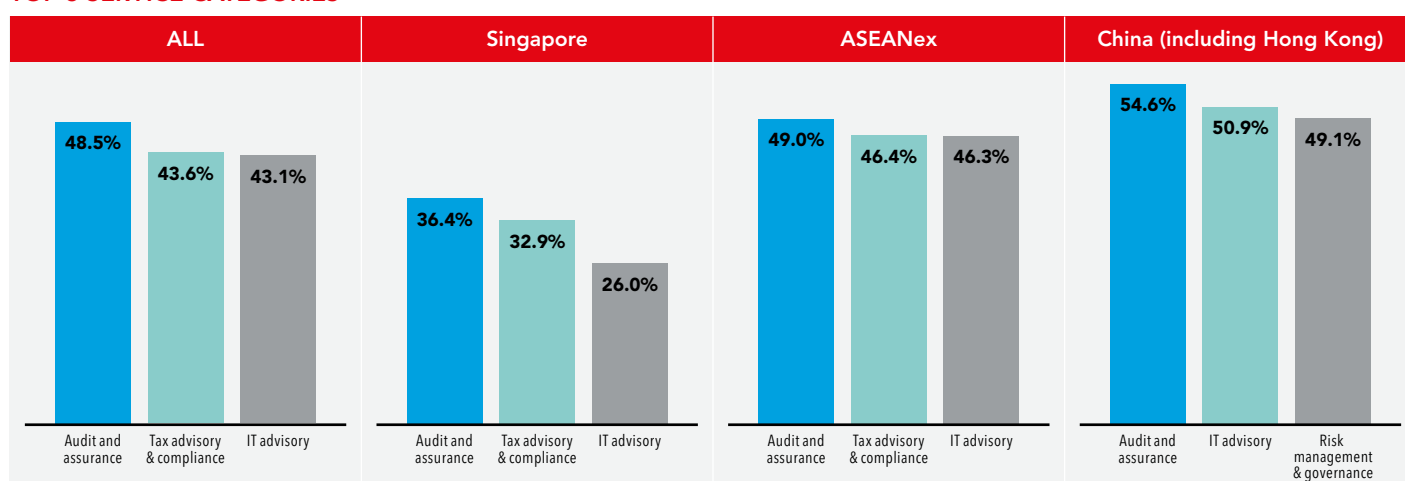
TOP 3 NON-REGULATED SERVICE LINES – ALL



TOP 3 NON-REGULATED SERVICE LINES – SME

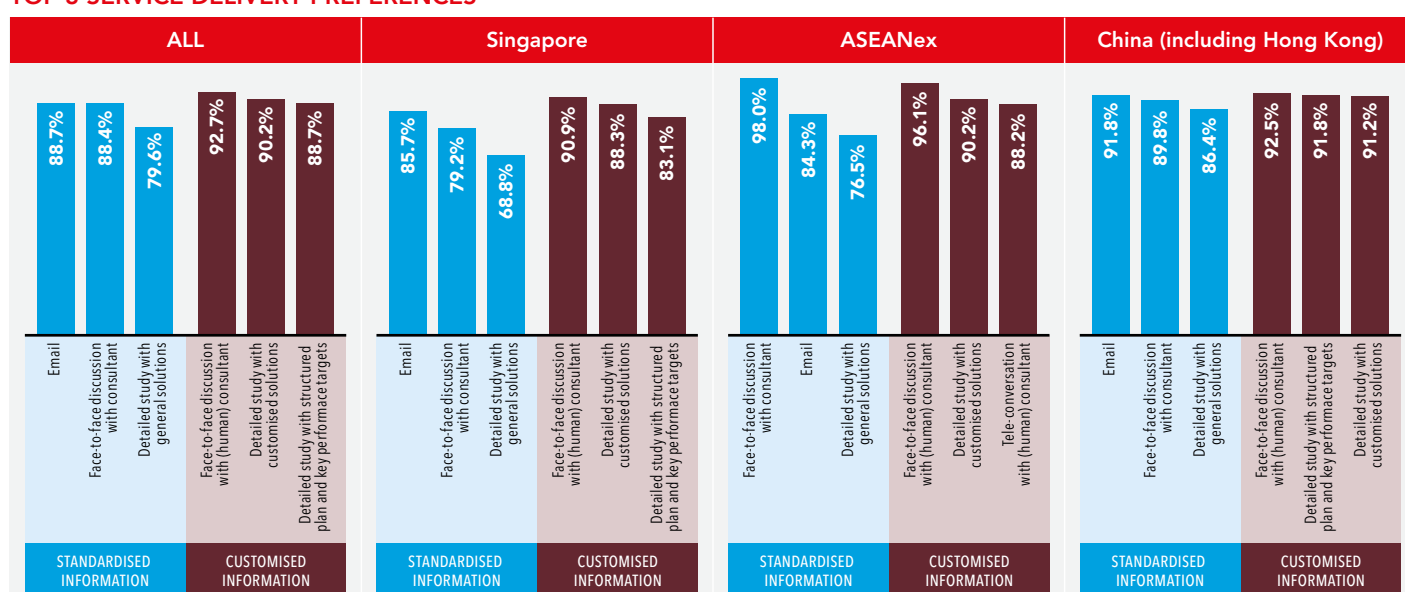


TOP 3 SERVICE CATEGORIES

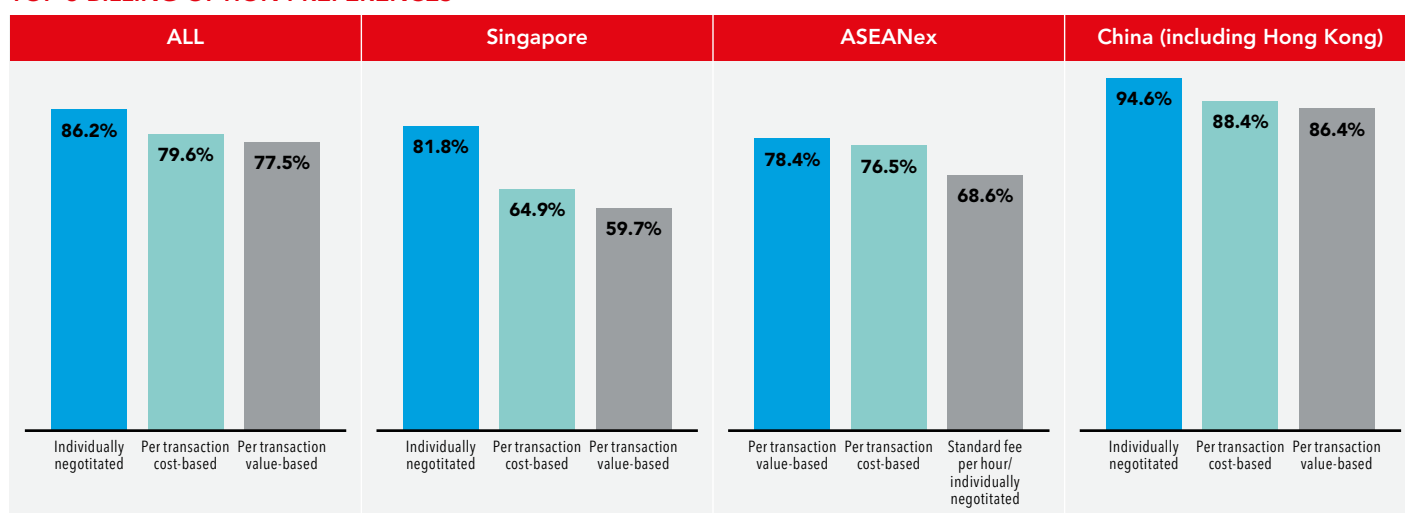


86.2%
of respondents prefer
individually negotiated billings

TOP 3 SERVICE DELIVERY PREFERENCES



TOP 3 BILLING OPTION PREFERENCES



NOTES:

- The data highlights compiled above were undertaken for the ASEAN region and for countries with more than 50 respondents.
- Percentages represent the proportion of respondents that selected the option. Absolute numbers are weighted averages indicative of the proportion of the budget allocated to the option on a 5-point scale (with 1 indicating the lowest proportion of the budget).
- ASEANex refers to countries in the ASEAN region, excluding Singapore.
- For further statistical reference, please refer to Chapter 4 – Geographical findings from the survey.
- 'ALL' includes SMEs and non-SMEs (i.e. larger companies, including MNCs (multi-national corporations)). For more non-SME data, please refer to Chapters 3 and 4.
- The above data highlights are to be read in conjunction with the key findings in the Executive Summary.



2. Background of the study

Enterprise demand for professional business and advisory services (“Professional Services”) is changing, driven by the accelerating pace of business, and exacerbated by the advancement of digital disruptions and increasing global competition.

Enterprises are faced with the dilemma of managing revenue growth and development, and at the same time, address issues linked to changes in regulatory environment, risks management and the war for talent. The need to review demand for Professional Services more systematically is urgent, in light of these changing trends, and is necessary in providing clarity on the needs of enterprises.

This study aims to examine the demand of Professional Services in the ASEAN region and China, and to share insights gained from a roundtable discussion with professionals and key decision makers of Professional Services in Singapore. The objectives of this study are motivated by three factors – (1) the growing divide in the expectation gap between what (Professional Services) enterprises want and what professional services firms can offer; (2) the increasing volume of discussions on the future of the accountancy profession, in light of burgeoning threats and intensifying competition; and (3) the rapidly

changing spectrum of Professional Services required, in view of changing trends. These motivations are further discussed below.

2.1 THE GROWING DIVIDE – Expectation gap between what (professional services) enterprises want and what professional services firms can offer

Past studies have shown that enterprises are increasingly turning to Professional Services as a way to differentiate themselves from competition and to expand their businesses. The demand for Professional Services is also evident in enterprises growing and managing business risks. In uncertain economic environments. In addition, studies have shown that Professional Services are important in supporting enterprises achieve their business goals.^{5,6} Amongst the Professional Services offered, we would like to highlight growth and demand for advisory services such as cyber-security, data analytics, and regulatory advice, which were almost

non-existent a decade ago, particularly in small and medium practices (“SMPs”).⁷ A 2016 World Survey of accounting networks and associations globally, based on fee income and staff data by the International Accounting Bulletin, also indicated that advisory services have been the star performer for professional services firms in recent years⁸, reinforcing the significance of Professional Services to enterprises.

While enterprise demand for Professional Services is growing, the expectation gap between enterprise demand and professional services firms’ offerings is also widening. A previous study undertaken by ISCA and CPA Australia in 2013 found that at least 36% of their respondents were of the opinion that the perceived gap between the advisory services that SMEs need and those provided by SMPs was significant. It was highlighted in the study that two of the most cited challenges were talent inequality, where SMPs do not have sufficient skilled staff, and insufficient international coverage in SMPs’ service offerings.⁹

⁵ 29 February 2016, The International Federation of Accountants, *IFAC Global Survey: Accountants’ Performance Expectations for Coming Year Moderate but Remain Optimistic, Despite Concerns over Economic Slowdown*, <<https://www.ifac.org/news-events/2016-02/ifac-global-survey-accountants-performance-expectations-coming-year-moderate>>, accessed on 22 December 2017.

⁶ 2013, ICPAS-CPA Australia Roundtable, *Leveraging on Advisory Services for Business Growth*, page 6, <https://isca.org.sg/media/207801/icpas-cpa-australia-leveraging-on-advisory-services-for-business-growth_roundtable-report.pdf>, accessed 20 November 2017.

⁷ 21 June 2016, MGI Worldwide, *Mid-sized accountancy firms accelerate diversification away from traditional audit services*, <<http://www.mgiworld.com/newsroom/2016/june/mid-sized-accountancy-firms-accelerate-diversification-away-from-traditional-audit-services>>, accessed 20 November 2017.

⁸ 29 February 2016, The International Federation of Accountants, *IFAC Global Survey: Accountants’ Performance Expectations for Coming Year Moderate but Remain Optimistic, Despite Concerns over Economic Slowdown*, <<https://www.ifac.org/news-events/2016-02/ifac-global-survey-accountants-performance-expectations-coming-year-moderate>>, accessed on 22 December 2017.

⁹ 2013, ICPAS-CPA Australia Roundtable, *Leveraging on Advisory Services for Business Growth*, page 6, <https://isca.org.sg/media/207801/icpas-cpa-australia-leveraging-on-advisory-services-for-business-growth_roundtable-report.pdf>, accessed 20 November 2017.

The discussions clearly highlight the importance for professional accountants to evolve from their current business model, amidst a disruptive landscape caused by advancement in technology, deregulation and new entrants into the market.

On talent inequality, professional services firms continue to be plagued by the challenge to attract and retain talent, especially amongst SMPs. This, in turn, affects professional services firms' growth and the ability to provide Professional Services support with international coverage. A study conducted by ACCA in 2011 found that 74% of the SMPs interviewed cited the inability to attract sufficient number of competent staff as the main constraint to their growth. This constraint was reiterated in 2013, where a similar survey titled "the SAC Accountancy Sector Survey 2013" reported that the ability to attract and retain talent remained the top challenge faced by professional services firms¹⁰. The challenge for professional services firms, particularly SMPs, is to leverage the talent of the younger generation of professionals in finance and accounting, who are more receptive to technological developments, to drive innovation and growth in the workplace.¹¹

These challenges raise the growing divide between enterprise demand for Professional Services and the capacity of professional services firms to provide these services. The need to have clarity on enterprise demand is, thus, important, and particularly urgent for professional services firms to gather insights into the industry demand for internal evaluation. Clarity on enterprise demand for Professional Services would also benefit professional services firms by enhancing their service delivery, amidst rising global deregulation of requirements for assurance, growing competition from SMPs to step up their service offerings to enterprises, and the availability of free automated services offered online.¹²

2.2 THE FUTURE FOR PROFESSIONAL ACCOUNTANTS – Challenging times or opportunities?

While the topic on the future of professional accountants is not new, it is constantly discussed in both the academic and business communities.

The discussions clearly highlight the importance for professional accountants to evolve from their current business model, amidst a disruptive landscape caused by advancement in technology, deregulation and new entrants into the market.¹³ Globally, professional accountants are facing difficulty in gaining new customers.^{14,15} These competitive pressures are also intensifying, in addition to fee pressures.

SMPs are especially susceptible to these disruptive changes. As SMPs constitute the majority of accountancy practices worldwide, the industry will face a shake-up, should SMPs be threatened. Currently, most SMPs' revenues still rely on audit and assurance services.^{16,17} However, with the proposed increase in audit exemption or deregulation happening around the world, SMPs that rely heavily on audit services may have to consider alternative revenue streams and service offerings.¹⁸ These SMPs must also face the hurdle of managing staff that are trained

10 2013, Singapore Accountancy Commission, *The SAC Accountancy Sector Survey 2013*, <<https://www.sac.gov.sg/sites/default/files/ASSR.pdf>>, accessed 20 November 2017.

11 14 November 2017, The Association of Chartered Certified Accountants, *Generation Next: Managing talents in SMPs*, <<http://www.accaglobal.com/gb/en/technical-activities/technical-resources-search/2017/november/generation-next-managing-talent-in-smps.html>>, accessed 22 February 2018.

12 2015, The Association of Chartered Certified Accountants, *The Global Business SMP Model Survey: Understanding a Changing Profession*, page 16-19, 28, <http://www.accaglobal.com/content/dam/ACCA_Global/Technical/smb/ea-global-smp-survey.pdf>, accessed 21 November 2017.

13 2015, The Association of Chartered Certified Accountants, *The Global Business SMP Model Survey: Understanding a Changing Profession*, page 16-19, 28, <http://www.accaglobal.com/content/dam/ACCA_Global/Technical/smb/ea-global-smp-survey.pdf>, accessed 21 November 2017.

14 1 November 2016, CPA Australia – InTheBlack, "Top global challenges facing accounting practices today", <<https://www.intheblack.com/articles/2016/11/01/top-global-challenges-facing-accounting-practices-today>>, accessed on 27 December 2017.

15 12 May 2016, The Institute of Chartered Accountants in England and Wales – Economia, "The four threats to accountancy firms", <<http://economia.icaew.com/news/may-2016/the-four-threats-to-accountancy-firms>>, accessed on 27 December 2017.

16 2015, The Association of Chartered Certified Accountants, *The Global Business SMP Model Survey: Understanding a Changing Profession*, page 8, <http://www.accaglobal.com/content/dam/ACCA_Global/Technical/smb/ea-global-smp-survey.pdf>, accessed 21 November 2017.

17 2013, Institute of Certified Public Accountants of Singapore and CPA Australia, *ICPAS-CPA Australia Survey on Advisory Services for Singapore Businesses*, page 4, <https://isca.org.sg/media/207757/icpas-cpa-australia-survey-on-advisory-services-for-singapore-businesses_14mar_v12.pdf>, accessed 21 November 2017.

18 2013, ICPAS-CPA Australia Roundtable, *Leveraging on Advisory Services for Business Growth*, page 14, <https://isca.org.sg/media/207801/icpas-cpa-australia-leveraging-on-advisory-services-for-business-growth_roundtable-report.pdf>, accessed 20 November 2017.

There are three significant challenges that continue to plague this industry, namely the difficulty in transforming the business model, resistance in adopting digital and emerging technologies, and the war for talent.

mostly in providing audit and assurance services, and who may not have the right skillset to engage in other Professional Services.¹⁹ In addition, most SMPs have limited international coverage. In Singapore, for example, only 30% of SMPs have embarked on internationalisation, such as joining an international network or working with foreign partners.²⁰

Various government agencies and professional organisations for accountancy have urged professional accountants to adapt to the changing business environment, embrace the disruptive digital trends, and customise solutions further in meeting client demands. However, the challenges still remain, as there is insufficient understanding of the current enterprise demand for Professional Services for evaluation.

2.3 CHANGING PROFESSION, GOING BEYOND AUDIT – The rapidly changing spectrum of professional services required

The role of professional accountants is becoming more complex, as they are expected not only to provide compliance support and enhance trust in audit and its

relevance to stakeholders, but also assist their clients in addressing enterprise dilemmas. At the same time, professional accountants are challenged to maintain discretion and integrity in dealing with client matters, as they face a growing threat from a minority that blemishes the professional image by being accused of legitimising fraud and money laundering.^{21,22} As a result, regulatory reforms on anti-money laundering and terrorist financing are expected to affect professional accountants, requiring a more thorough due diligence on their clients' dealings, so as to ensure compliance with regulations.²³ In addition, professional accountants are also disrupted by technology, ranging from blockchain technology and cloud-computing enabled machine learning, to predictive analytics software to analyse historical data and create projections.

Likewise, Professional Services, on a sector level, are also being affected by government initiatives and global competition, which further emphasises the need to master multi-disciplinary skills to meet with the dynamic changes in demand from the business world. In Singapore, for

example, the government is gearing the country to become the international centre for cross-border debt restructuring, where the total amount of debt available for restructuring in the Asia Pacific is estimated at USD250 billion. In addition to regulatory changes (such as the introduction of the Insolvency Bill), the Singapore government is also pushing for professional training and education, with hopes of increasing the talent pool and building multi-disciplinary skills.²⁴ In India, the government also wants to position the country as an international arbitration centre. The Arbitration & Conciliation Amendment Act has been enacted, and the Indian government is promoting further training to professionals on Indian domestic as well as international arbitration.²⁵

The rapidly changing business environment is, thus, demanding a wider range of services offered by professional accountants. However, there are three significant challenges that continue to plague this industry, namely the difficulty in transforming the business model, resistance in adopting digital and emerging technologies, and the war for talent.^{26,27}

19 2016, Singapore Accountancy Commission, *AEcensus2016 The National Census for Accounting Entities by the Singapore Accountancy Commission*, page 16, <<https://www.sac.gov.sg/sites/default/files/AEcensus2016.pdf>>, accessed 21 November 2017.

20 2013, Institute of Certified Public Accountants of Singapore and CPA Australia, *ICPAS-CPA Australia Survey on Advisory Services for Singapore Businesses*, page 3, <https://isca.org.sg/media/207757/icpas-cpa-australia-survey-on-advisory-services-for-singapore-businesses_14mar_v12.pdf>, accessed 21 November 2017.

21 10 January 2018, *The News International*, New ethical standards introduced.

22 18 January 2018, *Hindustan Times*, Govt to scan purchases above Rs 6 lakh, mainly luxury goods and jewellery.

23 4 January 2018, *Accountancy News*, The Accountant World Survey 2017: Views from the locals in Asia Pacific.

24 24 August 2017, *Singapore Government News*, Keynote address by Mr K Shanmugam, Minister for Home Affairs and Minister for Law, at the Singapore Insolvency Conference 2017.

25 27 December 2017, The Associated Chambers of Commerce and Industry of India, *ASSOCHAM Bulletin*, Law: Resolving disputes.

26 4 January 2018, *Accountancy News*, The Accountant World Survey 2017: Views from the locals in Asia Pacific.

27 2017, World Economic Forum, *Digital Transformation Initiative Professional Services Industry*, page 4, <https://www.accenture.com/_acnmedia/Accenture/Conversion-Assets/WEF/PDF/Accenture-Professional-Services-Industry.pdf>, accessed 18 January 2018.



3. Enterprise demand for professional business and advisory services

3.1 DEMAND FOR PROFESSIONAL SERVICES – Where the focus should be in the next three years

The findings from the survey with 275 senior executives on the demand for Professional Services in the next three years reflect services needed by enterprises to address the changing business trends that are driven by digitalisation and internationalisation. While Statutory Audit (#1) remains the leading requirement for Professional Services in the next three years, enterprises in the ASEAN region and China are focusing their attention on IT Solution Business (#2), both in preparation for digital disruptions and in improving processes. The future requirements for Compliance in Corporate and Personal Tax (#3), Risk Advisory (#4) and International Tax Advisory (#5) also rank high in the enterprise demand for Professional Services in the ASEAN region and China, as a result of regional/ global activities expansions and uncertainty linked to these economies. There are also some

nuances in enterprise demand for Professional Services that are linked to sectors and size of enterprises. The Production Sector is likely to see more requirements for International Tax Advisory, while the Service Sector will expect advisory services for Process Improvements. In terms of size, SMEs were found to demand more accounting advisory and process improvements than non-SMEs, particularly enterprises in China. Further details on the nuances are covered in the geographical findings from the survey in Section 4.

Three trends were identified from the study. Firstly, there is an increased demand for non-regulated Professional Services, in line with global trends from a previous study.²⁸ While regulated service lines are still required for compliance purposes, the demand for non-regulated service lines is higher by an average of 15.9%.²⁹ As a whole, three of the top five enterprise demand for Professional Services is non-regulated, signifying the expectations of enterprises for more value-added

services from professional services firms, beyond compliance requirements. While expected demand may be high for non-regulated Professional Services, previous studies have shown that the historical revenue contributed from these advisory services is still low, at single digit percentage, with the exception of large professional services firms.³⁰ As the capacity of such non-regulated Professional Services is still limited in supply, it signals for more professionals to do so, in order to fulfil demand.

Secondly, enterprises have a stronger preference to hire professional accountants for their Professional Services requirements, in particular, those with deep local knowledge (see Section 3.3). Knowledge is important in providing relevant and accurate advice or solutions to address issues and challenges faced by the enterprise. Not only does knowledge reflect the competencies, but also the relevant experience, and thus, expertise, in a subject matter. As such, the size of the professional services firm is less

28 29 February 2016, The International Federation of Accountants, *IFAC Global Survey: Accountants' Performance Expectations for Coming Year Moderate but Remain Optimistic, Despite Concerns over Economic Slowdown*, <<https://www.ifac.org/news-events/2016-02/ifac-global-survey-accountants-performance-expectations-coming-year-moderate>>, accessed on 22 December 2017.

29 Calculated for service lines that are rated high (4) and very high (5) in demand (converted to scale from 0 to 5).

30 2016, Singapore Accountancy Commission, *AEcensus2016 The National Census for Accounting Entities by the Singapore Accountancy Commission*, page 16, <<https://www.sac.gov.sg/sites/default/files/AEcensus2016.pdf>>, accessed 21 November 2017.

As a whole, three of the top five enterprise demand for Professional Services are non-regulated, signifying the expectations of enterprises for more value-added services from professional services firms, beyond compliance requirements.

TABLE 1: Top 5 enterprise demand for Professional Services in the next 3 years, segmented

OVERALL (ALL: 275 respondents)	
<ol style="list-style-type: none"> 1. Statutory Audit 2. IT Solution Business 3. Compliance in Corporate and Personal Tax 4. Risk Advisory 5. International Tax Advisory 	
PRODUCTION (SAMPLE: 86 respondents)	SERVICE (SAMPLE: 189 respondents)
<ol style="list-style-type: none"> 1. Statutory Audit 2. IT Solution Business 3. International Tax Advisory 4. Compliance in Corporate and Personal Tax 5. Technology Consulting 	<ol style="list-style-type: none"> 1. Statutory Audit 2. IT Solution Business 3. Risk Advisory 4. Process Improvement 5. Compliance in Corporate and Personal Tax
REGULATED (ALL)	NON-REGULATED (ALL)
<ol style="list-style-type: none"> 1. Statutory Audit 2. Compliance in Corporate and Personal Tax 3. Compliance in GST/VAT Compilation and Advisory 4. Corporate Secretarial and Legal Services 5. Corporate Governance Advisory 	<ol style="list-style-type: none"> 1. IT Solution Business 2. Risk Advisory 3. International Tax Advisory 4. Process Improvement 5. Internal Audit
SMEs (SAMPLE: 149 respondents)	NON-SMEs (SAMPLE: 126 respondents)
<ol style="list-style-type: none"> 1. Statutory Audit 2. IT Solution Business 3. Compliance in Corporate and Personal Tax 4. Accounting Advisory 5. Process Improvement 	<ol style="list-style-type: none"> 1. Statutory Audit 2. IT Solution Business 3. Technology Consulting 4. Compliance in Corporate and Personal Tax 5. Risk Advisory

The survey findings showed strong interconnections in the demand for non-regulated Professional Services.

important to an enterprise seeking Professional Services. The survey findings also revealed that SMEs have a strong preference to use SMPs. SMEs that only engage SMPs are more likely to use them for non-regulated Professional Services. The participants in the roundtable discussion agree with this survey finding that knowledge and relevant experience are more important: *"In fact...(for) this project...we involved all subject matter entities...we did not decide because of the brand name...we decide based on a used case, that we have pain points, and we made all of them go through a classroom pilot test...to show expertise".* Another participant also commented, *"I also support our local accounting firms, so I have expanded into the second and third tiers, locally and overseas...I will usually go with the expertise in whichever areas they are very good in."*

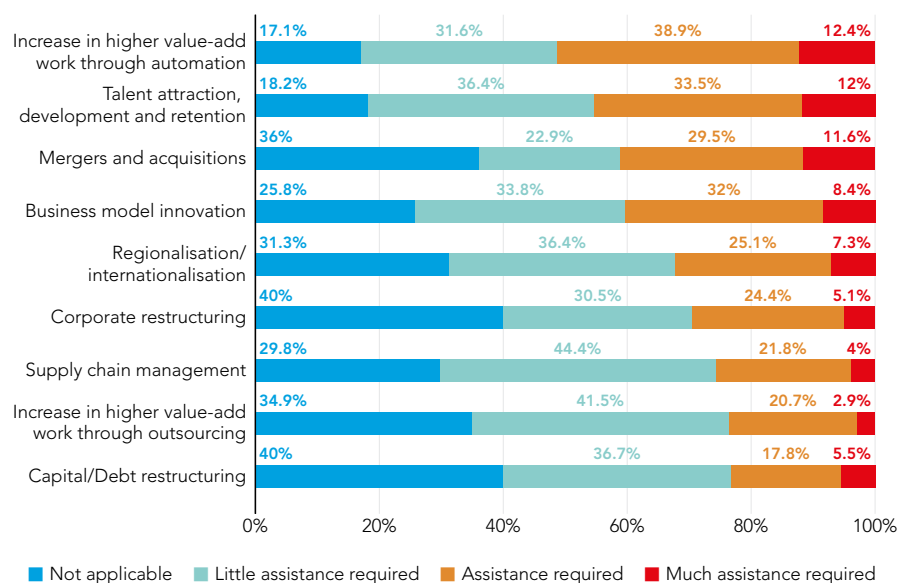
Finally, the survey findings showed strong interconnections amongst the demand for service lines that are linked to non-regulated Professional Services. These relationships were strong particularly for service lines in the categories of Risk Management & Governance, Corporate Finance & Deal Advisory, Restructuring & Insolvency, IT Advisory and Other Advisory services. The findings strengthen a previous study

on the need for multi-disciplinary service lines³¹ to show, with statistical evidence, the inter-relations of these service lines from the perspective of enterprise demand for Professional Services. These findings signal opportunities for professional services firms to further expand and enhance their service offerings in non-regulated Professional

Services. Further details on the interconnections of service lines are provided in the sequel report "Singapore SMPs Innovation Transformation Map".

Four significant growth areas that will require external advice and assistance were also identified by the respondents, namely: (1) Increase in higher value-add

FIGURE 1: Perceived demand for external advice and assistance by area that has significant growth impact to the organisation (ALL)



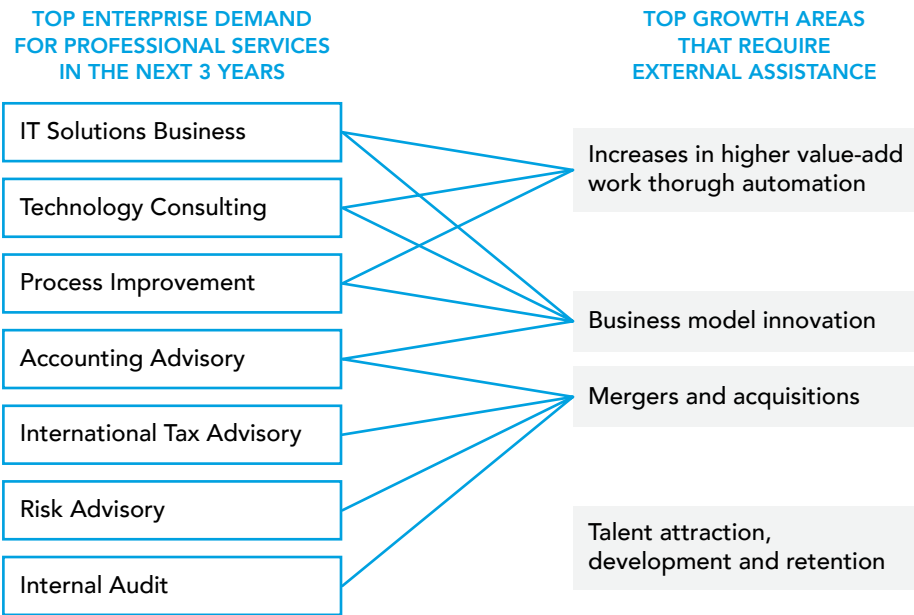
31 2016, Singapore Accountancy Commission, AECensus2016 The National Census for Accounting Entities by the Singapore Accountancy Commission, page 16, <<https://www.sac.gov.sg/sites/default/files/AECensus2016.pdf>>, accessed 21 November 2017.

Aligning the top service lines against the four growth areas that require external advice and assistance, existing enterprise demand for Professional Services in the next three years should address most of them, with the exception of Talent attraction, development and retention.

work through automation; (2) Talent attraction, development and retention; (3) M&A; and (4) Business model innovation. Larger enterprises with revenues of above SGD100m are expecting more growth for M&A, whereas SMEs are seeking further growth through Business model innovation. The areas that enterprises perceived they would require least assistance are Capital/ debt restructuring, Increase in higher value-add work through outsourcing, and Supply chain management.

Aligning the top service lines against the four growth areas, existing enterprise demand for Professional Services in the next three years should address most of them, with the exception of Talent attraction, development and retention. In terms of offerings within Professional Services, 39 service lines were reviewed, of which four are linked to HR matters, namely payroll, outsourcing of accounting/ finance personnel, succession planning/ business transfer, and HR compliance. These service lines, however, are ranked low in the third and fourth quartile of the overall ranking of enterprise demand for Professional Services, reflecting either a mismatch in terms of these enterprises' requirements and objectives, or an indication of a deeper issue that enterprises are aware of, but have yet to find a solution for.

FIGURE 2: Aligning top enterprise demand for Professional Services in the next three years to the top growth areas





3.2 THE GROWTH FOR NON-ASSURANCE SERVICES – Are Professional Accountants Ready?

The growth for non-assurance services is evident in the survey findings. Other than Audit and Assurance and Tax Advisory & Compliance, the range of Professional Services involving non-assurance service lines is broader and significant. At least 27.4% of the respondents surveyed expect their proportion of budgeted Professional Services expenditure for non-regulated service lines to be medium to very high in range³² (see figure below). This demand from the industry was also reflected during the roundtable discussion in Singapore. According to commentaries made by a leading professional services firm here, “globally, we (the Big4) are no longer an audit firm and globally most of the Big4’s audit practice (are) less than 50%...our largest practice is actually consulting...if we focus on audit, we will never grow,...our clients do appreciate a lot more things that we can put on the table, that are solution driven, rather than because it’s compliance with the regulatory”. While such a transformation is seen mostly in large professional accounting firms, the smaller practices are also changing, albeit at a slower rate.

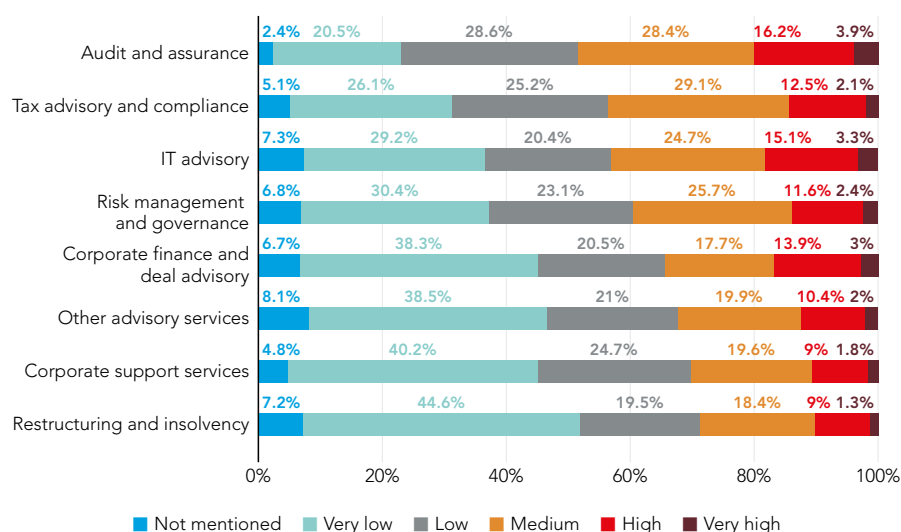
The roundtable discussion also highlighted that professional services firms, including SMPs, are realising the importance of

extending advisory services, a step up from a previous survey undertaken in 2013, which reported that only a third of the SMPs in Singapore considered the offering of advisory services important.


Participants from the roundtable discussion also shared their views on the growth in demand for Professional Services. According to one participant

from a large accounting practice, growth for Professional Services is driven by internationalisation activities: “Growth is largely coming from companies who want to grow... whether organically or...from acquisitions. We are seeing a fair bit of cross-border... because companies, whether big or small... (need) access to another jurisdiction.”

FIGURE 3: Expected proportion of budgeted Professional Services expenditure by broad Professional Services category (ALL)



³² Context of “medium” and “very high”. This is a subjective assessment by respondents, relative to their total budget of expenditure on professional services.



It is important for SMPs to identify the strengths in their competencies so as to plan, invest and enhance their capabilities in advisory services.

Traditional companies, too, realise the need to transform their businesses to deal with technological disruptions. As commented by a participant from the roundtable discussion, *"Other area...of enquiries..it's actually (driven by) digitisation plus transformation...that is coming more from brick and mortar company...(as) there is a need for them to change"*. In addition, the roundtable discussion highlighted the changing roles of professional accountants. A participant from the said discussion said that *"one of the major responsibilities of CFOs today is looking at the digital transformation of the finance function"*. Her comment further signals the importance of professional accountants in supporting and addressing, where expertise avails, digital disruption issues for their customers.

SMEs are also found to engage more professional services firms, particularly those in IT advisory services, in the next three years, so as to improve internal processes and incorporate (or enhance) IT solutions to their businesses. In addition, demand is expected for non-compliance related audit and tax advisory (further details are covered in the geographical findings from the survey in Section 4).

This bodes well for SMPs, in view that SMEs prefer to use SMPs for Professional Services. Moreover, SMPs also have the advantage of being *"a lot more nimble and a lot better in terms of how they react and respond to the market"*, according to a participant from the roundtable discussion. SMPs could also be more personable, targeted and possibly offer services at more competitive rates.³³

Apart from IT advisory services, M&A was also noted to be in demand, not only for enterprises, but also amongst professional firms. In fact, M&A was rather common amongst professional services firms – where over one sixth of practices over the age of three years reported some M&A activities as part of their expansion plans and acquisition of new skills.³⁴ This insight was discussed during the roundtable discussion, where a participant shared that: *"For us mid-tiers, it's very hard for us to attract talents...in terms of growing organically, so the only way for us is to acquire talents"*. Hence, be it through outsourcing or M&A, it is important for SMPs to identify the strengths in their competencies so as to plan, invest and enhance their capabilities in advisory services.

However, what remains to be changed is the perception of professional accountants being limited in their ability to offer advisory services, as raised in a previous study.³⁵ This was also brought up during the roundtable discussion, where it was suggested that there is a need for professional accountants to change this perception. According to one participant, accounting firms would find it difficult to position themselves as consultants, as there is a gap in the perception of who they are: *"why review an accounting firm...there's a bit of a big gap between perception and how the non-big-four accounting firms position themselves...So for the next hundred years, it (accounting firms) will be viewed as accounting firms"*.

3.3 RAISING THE BAR FOR PROFESSIONAL SERVICES

The survey findings revealed that enterprises in the ASEAN region and China saw Quality, Relevance and Timeliness of advice as the highest priorities when receiving external support. This trend applies to SMEs and non-SMEs, as well as almost all sub-geographies of the survey sample, except for ASEANex. Cost of advice

33 2013, ICPAS-CPA Australia Roundtable, *Leveraging on Advisory Services for Business Growth*, page 5, <https://isca.org.sg/media/207801/icpas-cpa-australia-leveraging-on-advisory-services-for-business-growth_roundtable-report.pdf>, accessed 20 November 2017.

34 2015, The Association of Chartered Certified Accountants, *The Global Business SMP Model Survey: Understanding a Changing Profession*, page 11, <http://www.accaglobal.com/content/dam/ACCA_Global/Technical/smb/ea-global-smp-survey.pdf>, accessed 21 November 2017.

35 2013, ICPAS-CPA Australia Roundtable, *Leveraging on Advisory Services for Business Growth*, page 14, <https://isca.org.sg/media/207801/icpas-cpa-australia-leveraging-on-advisory-services-for-business-growth_roundtable-report.pdf>, accessed 20 November 2017.

While it is common that more SMEs are looking to expand their businesses, SME respondents to the survey opined lower priority for Regional and/or global support than non-SMEs.

ranked as the third top priority in countries within the ASEAN region (excluding Singapore). This was further reiterated, as an ASEAN region respondent mentioned that one of the areas for improvement for professional services firms was “affordability”. This is probably because these are mostly emerging markets, where enterprises are rather cost-sensitive when deciding to engage Professional Services.

There is some difference between SMEs and non-SMEs in terms of their priorities when receiving Professional Services. While it is common that more SMEs are looking to expand their businesses, SME respondents to the survey opined lower priority for Regional and/or global support than non-SMEs. Relevance of advice was ranked slightly lower by SMEs than by non-SMEs, possibly because larger enterprises in general have more complicated corporate structures and complex issues.

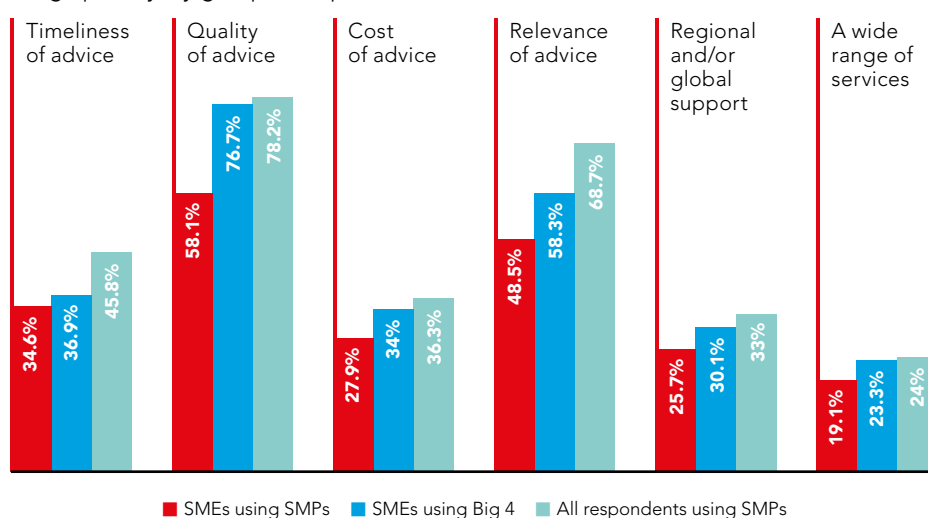
Meanwhile, survey respondents overall, as well as in each of the sub-geographies, were not very concerned about whether professional services firms could offer a wide range of services. This finding is different from a 2013 study³⁶, and suggests that either enterprises are

receiving help from multiple sources, or prefer to engage multiple sources as a single professional firm is not able to provide a comprehensive range of services with the desired quality.

In Singapore, SMEs were apparently slightly less demanding toward SMPs than the Big 4 (Figure 4), possibly due to the fact that expectations are usually

higher for the branded names, amongst others. Similar to a previous study, SMEs in Singapore opined that cost was of secondary concern and not as important as timely delivery of the needed services. This is because Singapore's tight regulatory regime urges SMEs, especially listed ones, to select Professional Services providers that could help them fulfil their reporting obligations on time.³⁷

FIGURE 4: Proportion of respondents that ranked an aspect of Professional Services as a high priority, by group of respondents (ALL)



36 2013, ICPAS-CPA Australia Roundtable, Leveraging on Advisory Services for Business Growth, <https://isca.org.sg/media/207801/icpas-cpa-australia-leveraging-on-advisory-services-for-business-growth_roundtable-report.pdf>, accessed 20 November 2017.

37 2013, ICPAS-CPA Australia Roundtable, Leveraging on Advisory Services for Business Growth, page 7, <https://isca.org.sg/media/207801/icpas-cpa-australia-leveraging-on-advisory-services-for-business-growth_roundtable-report.pdf>, accessed 20 November 2017.

While quality and relevance of advice for Professional Services were perceived to be crucial by enterprises, these two aspects were also considered the largest areas for improvement.

Professional Services suppliers that are willing to expend resources to understand the businesses of their customers, or even familiarise themselves with a client's business environment and operations, would more likely be able to provide useful and effective solutions, particularly to SME clients. Enterprises concurred that SMPs were willing to give SMEs more specialised attention, and, as such, had an edge over the Big 4 in tailoring their advice and solutions to meet the specific needs that, in turn, contribute to foster growth for SMEs.³⁸

While quality and relevance of advice for Professional Services were perceived to be crucial by enterprises, these two aspects were also considered the largest areas for improvement. In order to deliver quality advice, professional services firms should understand their clients and the specific matters at hand, provide customised, focused advice/ solutions. Special attention should be paid to clients' requirements and feedback to address the true underlying topics. The survey respondents expected professional services firms to address the issues of their organisations in the form of non-generic, *"not off the shelf"*, practical and actionable advice and solutions. In order to do so, Professional Services providers

should have a *"clear understanding of the nature of (a client's) business and business processes"*, so as to ensure that the delivered service could be *"more usable and realistic"*. It is also necessary to understand the *"change management of the organisation"* as well as *"business process optimisation"*, so that the proposed advice/ solution could be implemented, taking into consideration limiting factors and minimising the *"frequency of requiring consulting service in the future"*. It was suggested by several survey respondents that professional services firms properly conduct broad-based research and analyses of their clients as well as the issues faced to avoid exposing some degree of *"ignorance"* when serving them.

Enterprises were particularly in agreement that they wanted more than *"just theory and rules"*; and that professional services firms should *"be more commercial and business centric in their service and deliverables, rather than leaning to academic advice"*. The need for Professional Services providers to focus on adding value to their services was also raised by several respondents. This calls for practices to not only focus on effectively solving the issues that their clients face, but also to ensure that their

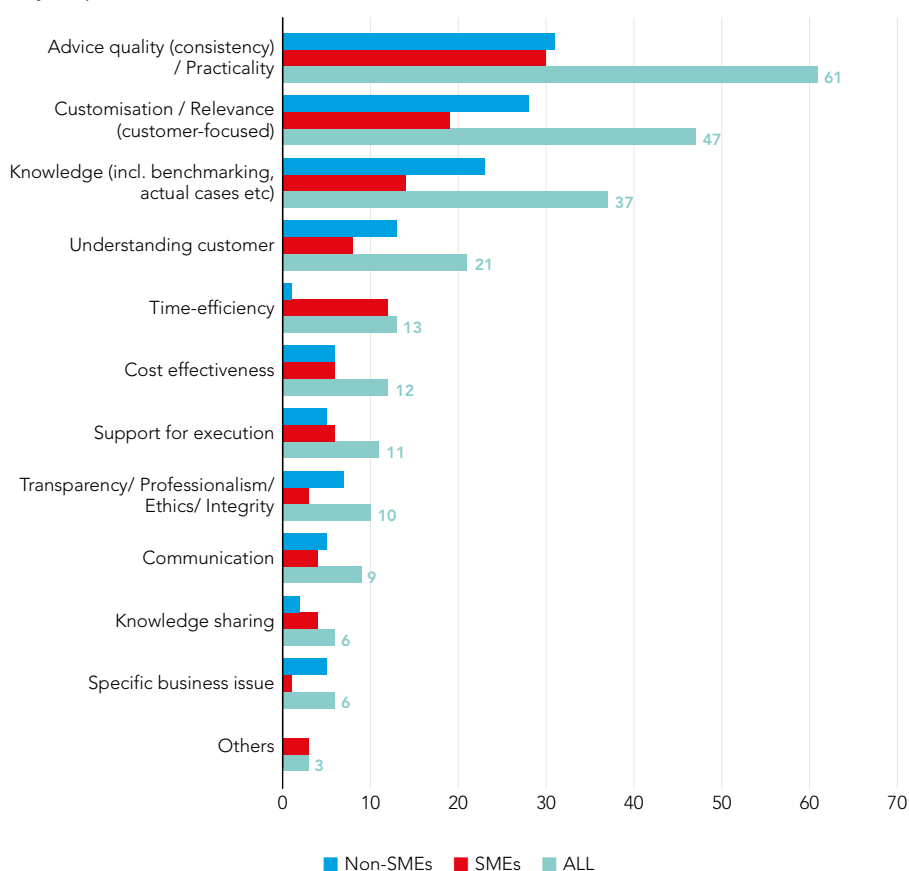
efforts are channelled to aspects that clients will appreciate, for instance, deliver the solutions/ advice in a timely and efficient manner, give clients real-time progress updates or reliable forecasts, present information in the form that suits clients' needs rather than standard templates, to name a few.

In addition, solutions could be more innovative and technology driven, especially with the ongoing digital disruptions, while service quality should be consistently maintained. Enterprises find that the quality of service sometimes *"varies significantly based on the partner in the assignment"*, which is not desirable. One respondent even suggested that there could possibly be some institution to improve the knowledge of professionals and control the quality of Professional Services. Besides expecting professional services firms to ensure quality and relevance of advice, and prove results, survey respondents also thought that Professional Services providers could add some flexibility to the detailed implementation plans, as the business environment is more than often not static and constant. Hence, professional advice should identify detailed areas for enterprises to improve and grow.

38 2013, ICPAS-CPA Australia Roundtable, *Leveraging on Advisory Services for Business Growth*, page 7, <https://isca.org.sg/media/207801/icpas-cpa-australia-leveraging-on-advisory-services-for-business-growth_roundtable-report.pdf>, accessed 20 November 2017.


Survey respondents expected that professionals should have domain knowledge on both the global and regional perspectives, as well as industry and specialised knowledge to better support clients.

FIGURE 5: Areas of improvement for Professional Services suppliers, as perceived by survey respondents (ALL)



Enterprises also highlighted the need for professional services firms to further develop their capacity through building up on knowledge. Knowledge is essential in all industries nowadays, and particularly closely linked to whether a professional firm will be able to deliver what their clients expect. Widening and deepening knowledge will help to enhance advice quality and relevance. Survey respondents expected that professionals should have domain knowledge on both the global and regional perspectives, as well as industry and specialised knowledge to better support clients. In view that there could be vast differences in regulations and culture amongst different countries and geographies, respondents pointed out that professional services firms should investigate industries more deeply to obtain reliable data, so that advice can be tailored to the specific circumstances. In doing so, they might need to engage external experts for assistance, if necessary. Actual experience and practical knowledge, as well as successful case studies, are also essential, as enterprises require advice/ solutions to not only be detailed, but also to have been proven to work.

Several respondents also mentioned the need for professional services firms to have knowledge of benchmarks and best practices. This might pose challenges to SMPs more than large accounting firms,



Effective communication
is becoming an important
differentiator in securing
and retaining customers for
Professional Services today.

due to limited resources. In a 2015 survey, the biggest challenge perceived by SMPs globally was the difficulty to access financing, followed by difficulty attracting suitable professional staff, difficulty in finding and engaging clients, intensifying competition, and rising cost of doing business.³⁹ Therefore, it is crucial for SMPs to optimise their resources to enhance their capacities and competencies, in order to fulfil requirements of their clients and grow their practices. SMPs could, instead of competing against each other, form partnerships with other organisations, at home and abroad, to broaden the range of skills and in-house knowledge beyond a single practice. SMPs can consider pooling resources together via strategic alliances. They could also collaborate with associations or join established networks to make use of these external resources and pursue regionalisation growth. Such networks are also a very efficient way of attracting new business, on top of gaining access to new skillsets. In spite of limited resources, SMPs still need to invest in enhancing their competencies to improve service quality and relevance, as well as to be able to provide value add to clients. Value add might not directly generate income for SMPs, but it increases the chance of

retaining clients and acquiring new clients through referrals. On top of that, with more investment in training existing staff and/or attracting experienced professionals, even though this might substantially increase the costs of operating the business, SMPs may be able to generate income from advisory services in the long run.

3.4 IMPROVING COMMUNICATION AND PRICE MODEL WITH CUSTOMERS

Effective communication is becoming an important differentiator in securing and retaining customers for Professional Services today. With the onslaught of technology disruptions, professional services firms have to pursue multiple channels of communication to address a varied range of targeted audiences, so as to market value propositions for their service lines. However, professional services firms, in particular professional accountants, are plagued by a legacy stigma, and this was raised during the roundtable discussion, where it was said that: *“Historically, it’s (an) accounting firm...so for the next hundred years, it will (still) be viewed as an accounting firm. Unless the industry reorganises itself and repositions itself away from accounting...*

rebrand itself...until the perception from the demand side is that these firms are not accounting firms but provider of solutions...it will be a very big gap to bridge.” A recent 2017 report by the World Bank Group highlighted that professional accountants have been *“passive towards marketing activities because they were perceived as incompatible with the profession”*. The report further iterated that small accounting firms, which have rebranded themselves as professional services firms providing quality advice and expertise outside traditional accounting, had the most (revenue) impact.⁴⁰

There are currently multiple channels of communication available, ranging from client newsletters, websites, and face-to-face communication, to name a few. These forms of communication aim to attract, update and inform customers. A recent article published in December 2017 reported that 80% of customers seek Professional Services providers through online sources of information, compared to half (55%) that will use traditional references.⁴¹ However, data from this recent study showed that it may not be applicable to enterprises in the ASEAN region and China.

39 2015, The Association of Chartered Certified Accountants, *The Global Business SMP Model Survey: Understanding a Changing Profession*, page 16, <http://www.accaglobal.com/content/dam/ACCA_Global/Technical/smb/ea-global-smp-survey.pdf>, accessed 21 November 2017.

40 2017, Centre for Financial Reporting Reform, World Bank Group, *Small and Medium Practices: The Trusted Advisors of SMEs*, page 3, <http://siteresources.worldbank.org/EXTCENFINREPREF/Resources/4152117-1427109489814/SME-SMP_pages.pdf>, accessed 20 November 2017.

41 18 December 2017, Hinge - Professional Services Marketing Today, *Top 10 Marketing Techniques for Professional Services*, <<https://hingemarketing.com/blog/story/top-10-marketing-techniques-for-professional-services>>, accessed 17 January 2018.



For standard information on Professional Services, majority of the respondents (88.7%) prefer Email correspondences, followed closely by Face-to-face discussion with consultant (88.4%), and Detailed study with general solutions (79.6%). SMEs and non-SMEs also share the same preferences, although the order is slightly different – SMEs favour Email the most, while non-SMEs prefer Face-to-face discussion with consultant (see Figure 6). As for customised information, the findings show that Face-to-face discussion with consultant is choice for most respondents (see Figure 7). There is, however, a slight difference in the choice for customised information communication, other than Face-to-face discussion, between SMEs and non-SMEs. Non-SMEs want detailed structured plans and key performance targets more than SMEs. Insights from the roundtable discussion revealed that non-SMEs often have in-house specialists, and therefore, the requirements for Professional Services tend to be more specific in addressing a particular issue rather than a general one.

FIGURE 6: Preference for means of delivering standardised information by Professional Services (ALL)

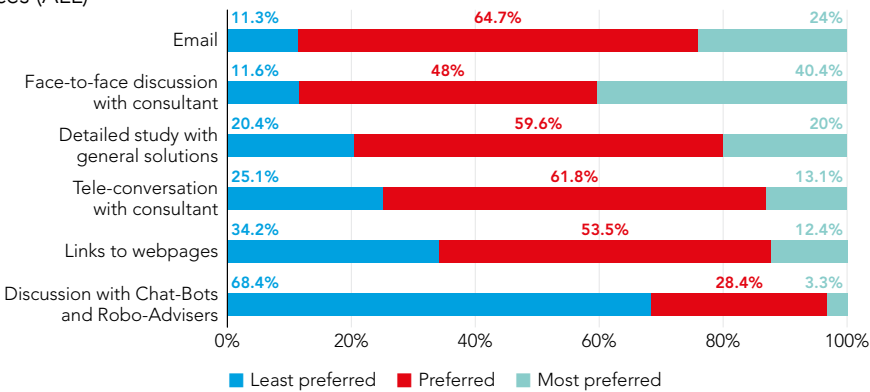
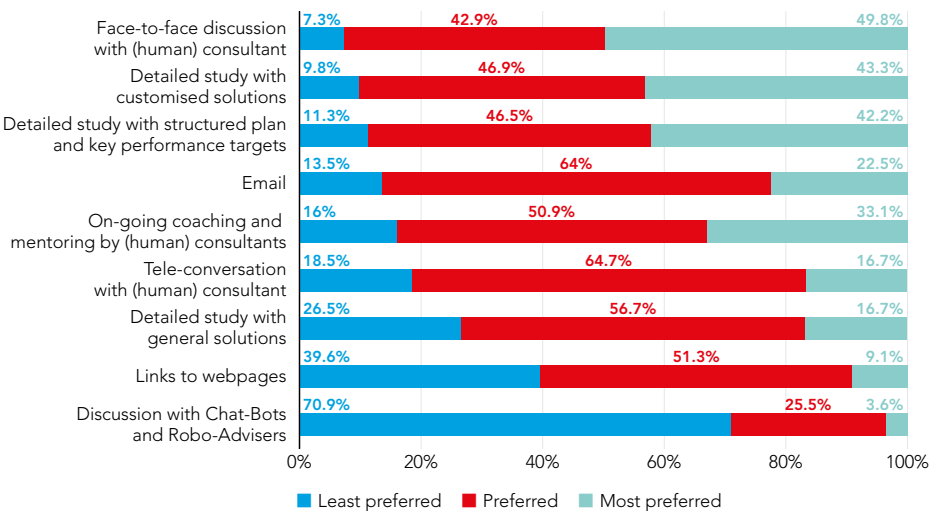
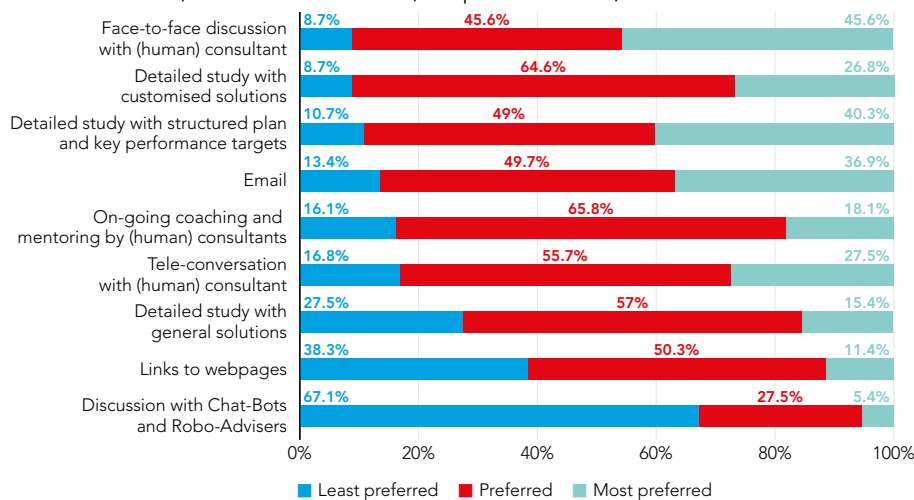


FIGURE 7: Preference for means of delivering customised information by Professional Services (ALL)



An interesting finding from the study was enterprises' low interest in chatbots, in spite of its growing adoption popularity, particularly on websites.

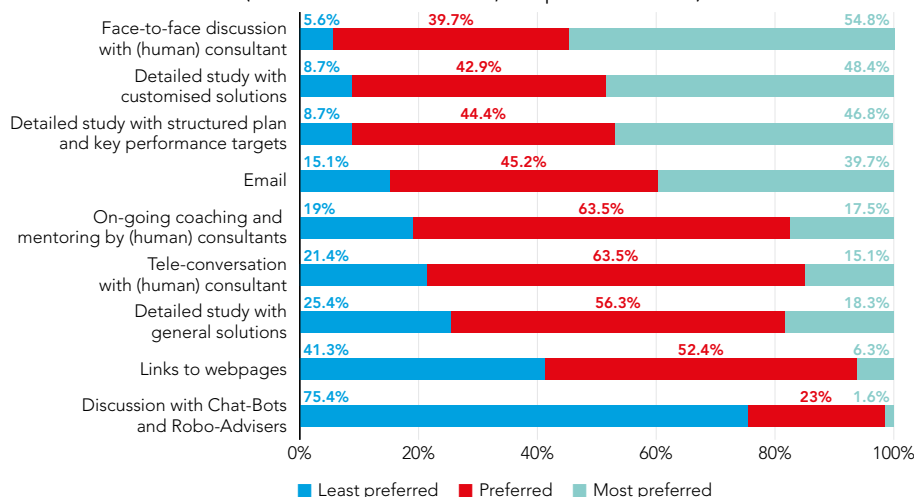
FIGURE 7 SMEs: (Revenue < SGD100m; Respondents: 149)



An interesting finding from the study was enterprises' low interest in chatbots, in spite of its growing adoption popularity, particularly on websites. The roundtable discussion gathered some mixed views from the participants:

- Neutral response from participant on chatbots: "If it answers my question, I don't mind. But if it just goes, you know, it's a one-way traffic.";
- Positive response from participant on chatbots: "A lot of banks...and government...are using chatbots...quite interactive...better than emails because sometimes I send an email...you have to wait, but the chatbot is instant, they reply to you immediately, you get your answer...saves a lot of time"; and

FIGURE 7 NON-SMEs: (Revenue ≥ SGD100m; Respondents: 126)



- Negative response from participant on chatbots: "A lot of stat board also have that, but the usage, I think is not popular".

Professional services firms that maintain a dedicated team of media-trained specialists with strong media contacts are said to be more likely to be approached for their expert opinions. Such teams are able to help market, credentialise and communicate the firm's expertise and solutions.⁴² Examples of communication that could enhance connectivity and

The least preferred pricing models for Professional Services are regular retainer, share of proceeds, and commission, which are often linked to advisory-related services such as M&A.

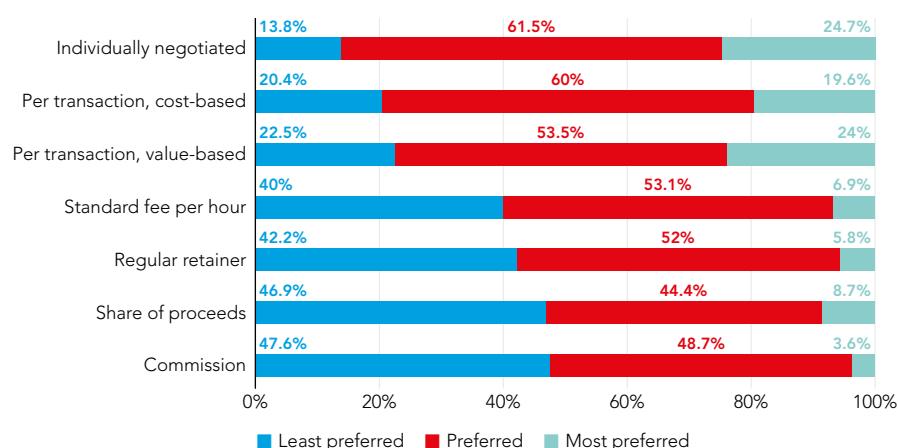
improve client relations include sending articles that may be of interest, inviting clients to discussions, client panels, events or exhibitions, interviewing clients for articles, internal events or the development of new services, and developing testimonials that can be converted into case studies. Professional services firms should raise the importance of effective communication practices, as it has a significant impact on client engagement, experience and value creation.⁴³

In addition to communication and “quality, relevance and timeliness of advice”, the pricing model of Professional Services has sometimes been described as the deal breaker for engagements, and at the same time, a shield from competition.⁴⁴ The survey findings show that enterprises have a preference for individually negotiated pricing when engaging Professional Services, followed by billings based on value-based per transaction, and cost-based per transaction. The inclination for these pricing models reflect the growing demand trend for more customised services and solutions by enterprises.

The findings are similar to a previous study by ACCA in 2015, which found individually negotiated pricing highest, but billing based on cost-based per transaction more favoured, compared to value-based per transaction.⁴⁵

The least preferred pricing models for Professional Services are regular retainer, share of proceeds, and commission, which are often linked to advisory-related services such as M&A.

FIGURE 8: Degree of preference towards each pricing model/ billing option for Professional Services (ALL)



43 2016, Paul Patterson, *Journal of Services Marketing*, Retrospective: tracking the impact of communications effectiveness on client satisfaction, trust and loyalty in professional services, Vol. 30 Issue: 5, page 485-489.

44 2015, The Association of Chartered Certified Accountants, *The Global Business SMP Model Survey: Understanding a Changing Profession*, page 16, <http://www.accaglobal.com/content/dam/ACCA_Global/Technical/smb/ea-global-smp-survey.pdf>, accessed 21 November 2017.

45 2015, The Association of Chartered Certified Accountants, *The Global SMP Business Model Survey (BMS): Dynamics of a Changing Profession*, page 15, <http://www.accaglobal.com/content/dam/ACCA_Global/Technical/smb/ea-global-smp-survey.pdf>, accessed 21 November 2017.

4. Geographical findings from the survey



4.1 INTRODUCTION

Survey respondents

The survey was conducted with 275 senior executives from the ASEAN region and China, where these executives are linked to companies predominantly from the Service industry (68.7%). SMEs made up more than half (54.2%) of the respondents. A brief summary of the sample's characteristics is provided in Table 2.

Expected expenditure on Professional Services over the next three years

Nearly one fifth of the respondents (19.6%) expected to spend more than SGD1 million on Professional Services over the next three years. Majority (59.3%) of the top spenders are large enterprises with revenue exceeding SGD1 billion in 2016. We note that there is a significant number (53) of survey respondents reporting 2016 revenue of SGD1 billion and above, and 32 of them anticipated their three-year budget for Professional Services to be at least SGD1 million. The second most common expenditure band is from SGD200,000 to SGD500,000 (14.9% of respondents). Meanwhile, nearly half of the respondents (45.8%) expected their three-year Professional Services expenditure to be below SGD100,000.

TABLE 2: Summary of survey sample characteristics

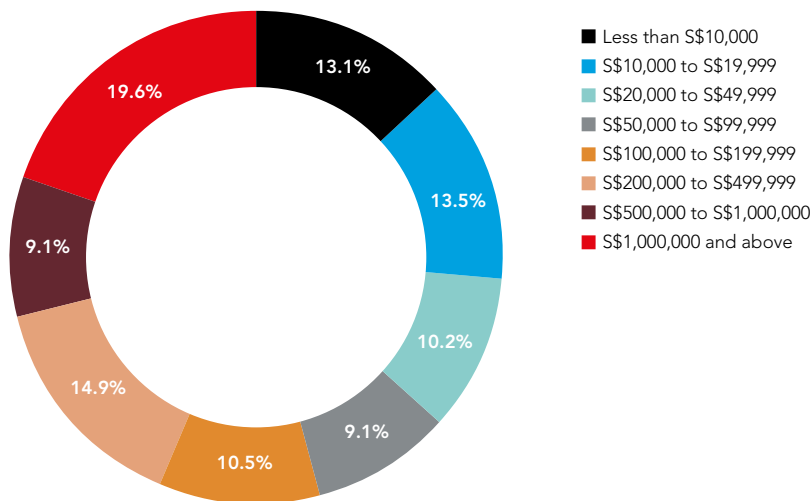
Country	No. of Respondents	SEGMENTATION BY INDUSTRY		SEGMENTATION BY REVENUE SIZE	
		Production	Service	SMEs	NON-SMEs
ASEAN REGION	128	42	86	68	60
Singapore	77	26	51	30	47
ASEANex	51	16	35	38	13
CHINA (including Hong Kong)	147	44	103	81	66
Hong Kong	30	8	22	19	11
Total*	275	86	189	149	126

Notes:

- The revenue for SMEs is below SGD100 million. Non-SMEs have revenue of SGD100 million and above.
- Further details on the respondents are provided in Section 5.1.
- Please refer to Table 10: Industry breakdown of Respondents in Section 5.1 for the list of sectors under Production and Service.
- ASEANex refers to countries in the ASEAN region, excluding Singapore.
- China and Hong Kong.
- *Total = no. of respondents in the ASEAN region + no. of respondents in China.

The average three-year expenditure on Professional Services as a percentage of 2016 revenue is expected to be significantly higher in China than in the ASEAN region.

FIGURE 9: Segmentation of Respondents by Expected Total Expenditure on Professional Services over the Next Three Years (ALL)



On average, companies in the ASEAN region and China expect their Professional Services expenditure over the next three years to range between 0.30% and 0.88% of their 2016 revenue. The average three-year expenditure on Professional Services as a percentage of 2016 revenue is expected to be significantly higher in China than in the ASEAN region. While companies in the ASEAN region shared that their expenditure would be approximately 0.34% of their 2016 revenue (Singapore: 0.37%), the proportion is higher in China at 0.58% (Hong Kong: 0.88%). This ratio is

also higher amongst SMEs than the overall average, possibly due to economies of scale – the same amount of money spent on Professional Services accounts for a larger percentage of revenue of a smaller company, as compared to larger firms.

Professional Services expenditure by sector

Within the Production segment, industries with the largest expected Professional Services expenditure (SGD500,000 and above) are Manufacturing and Electronics,

Medical and Healthcare Equipment, Oil and Gas, Properties, and Construction. The demand from these enterprises is highest for service lines such as Statutory audit, IT solution business, M&A due diligence, Risk advisory, and Technology consulting. Meanwhile, the biggest spenders on Professional Services within the Service segment are companies that are engaged in Finance, Retail and Consumer Goods, Transport/ Storage, Management, Legal and Consultancy Services, Technology, and Communications.

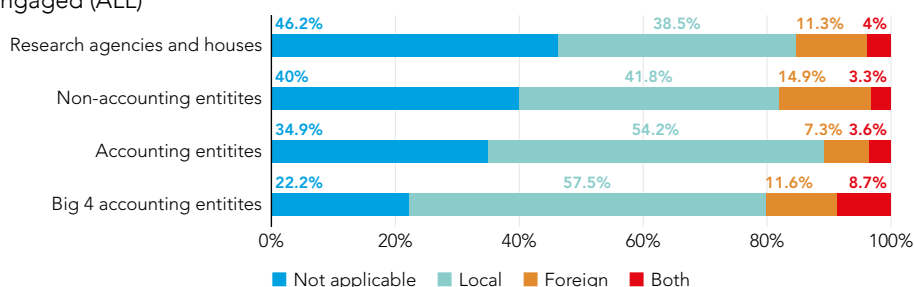
Respondents from the Production industry have a tendency to anticipate higher Professional Services expenditures than those from the Service side (SGD400,697.7 versus SGD320,740.1 on average, over a three-year period). Meanwhile, the average 2016 revenue is SGD360.0 million for Production respondents, and SGD287.8 million for Service respondents, which suggests that respondents from the Production segment are approximately a quarter bigger (25.1%) than those from the Service industry, on average. As such, the Production industry expects a three-year Professional Services expenditure of approximately 0.45% (0.23% – 0.68%) of their 2016 revenue, a ratio slightly lower than the Service industry, where respondents will expend about 0.48% (0.27% – 0.96%) of their revenue on external assistance over the next three years.

94.9%
of respondents engage
external entities for
Professional Services

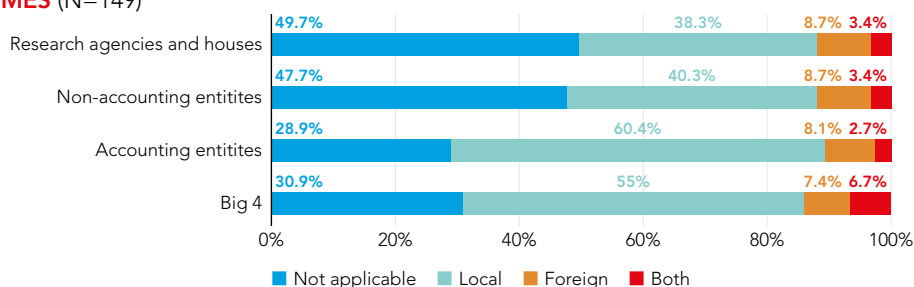
Preference for Professional Services providers: SMEs' preference for SMPs

Almost all of the survey respondents (94.9%) engage external entities for Professional Services. There is a preference for accounting firms than non-accounting firms, as 91.3% of respondents said that they frequently use the services of accounting firms, while 72.4% of them engage non-accounting firms for Professional Services.⁴⁶ It is further noted that the use of SMPs is much higher amongst SMEs (71.1% of SMEs are using SMPs) than non-SMEs (57.9% of non-SMEs are using SMPs). On the other hand, non-SMEs engage Big 4 firms much more frequently than SMEs do (88.1% versus 69.1%). This is likely because larger enterprises often require endorsement from reputable names, especially for their statutory reporting, and have the financial capacity to pay for it, while SMEs do not need to engage major accounting firms for their usually less complicated issues. SMPs might also be more willing to cater to the niche needs of SME clients. Although SMEs are using the Big 4 less often than they are using SMPs, the gap is not that big, and there is a lot for SMPs to work on to remain attractive to SMEs.

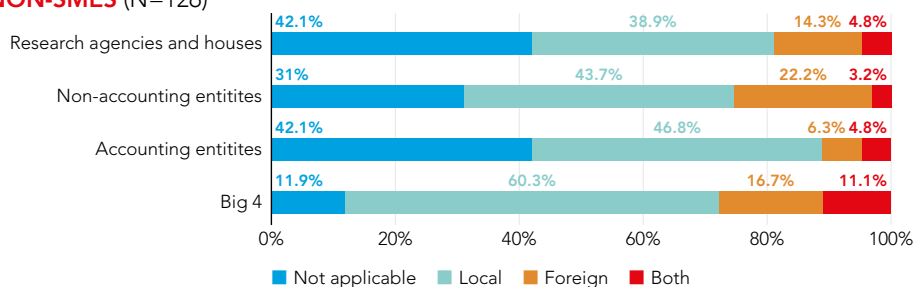
FIGURE 10: Segmentation of respondents by type of Professional Services firms engaged (ALL)



SMEs (N=149)



NON-SMEs (N=126)



⁴⁶ The proportion of respondents that use accounting firms does not exclude those who engage non-accounting firms at the same time, and vice versa.



4.2 THE ASEAN REGION

In this section, key findings related to enterprise demand for Professional Services in the ASEAN region, based on survey responses, are presented. Certain differences between this region and China are also highlighted hereafter.

Enterprise demand for Professional Services will be driven by non-SMEs in the ASEAN region

Overall, about half of the respondents in the ASEAN region expect to allocate almost SGD200,000 on Professional Services. SMEs constitute over half (53.1%) of the population of ASEAN region respondents. Amongst the ASEAN region's SMEs, almost two-thirds (63.2%) would spend less than SGD50,000 on Professional Services over the next three years. Therefore, the bulk of enterprise demand for Professional Services in the ASEAN region will be generated from servicing non-SMEs, as 85.0% of these larger enterprises expect to spend over SGD200,000 on Professional Services. Respondents in the Production industry are expected to have a higher budget for Professional Services, compared to those in the Service industry that are at the same level of automation.

Advisory services on tax and IT as key needs for business expansion

In terms of Professional Services broad categories, the ASEAN region

respondents would expect high expenditure on Audit & Assurance, Tax Advisory & Compliance and IT Advisory. This is also consistent with the ASEAN region's Top 5 demanded service lines, i.e. Statutory audit, IT solution business, Compliance in corporate & personal tax, International tax advisory, and Corporate secretarial & legal services. China, on the other hand, would be allocating higher budget to Risk Management & Governance than Tax Advisory & Compliance (See Section 4.3). As countries in the ASEAN region are seeking more economic integrations, there will be new export opportunities for enterprises to grow their business beyond local markets and better strategies for tax planning purposes. Hence, Tax Advisory & Compliance services will supplement knowledge on different tax laws and regulations for export purposes. IT Advisory will also play an important role in helping enterprises to catch up with the fast-moving business environment, where technology is increasingly and widely applied, and concurrently, IT-related risks are emerging, requiring enterprises to be alert of issues and threats that could affect their business.

Assistance needed to solve issues related to economic integration and business transitions

For future business growth, respondents in the ASEAN region perceived that they would require the most assistance in

Increase in higher value-add work through automation, M&A, and Talent attraction, development and retention. Even more assistance is needed for Talent attraction, development and retention in China, as this is top of the list of areas that enterprises would seek external assistance. China respondents, on the other hand, envisioned that more help would be needed for Business model innovation than the ASEAN region respondents. Enterprises in the ASEAN region would need support to add more value through automation, as 90.4% of respondents in the ASEAN region perceived that they are not yet at a high level of automation, and 28.8% of respondents are either largely manual or not very technologically mature. Growing economic integration and relaxed immigration amongst countries in the ASEAN region will add pressure to securing talents for enterprises. There are higher growth potentials for Regionalisation/ Internationalisation, Corporate restructuring, and Capital/ Debt restructuring within SMEs, as compared to non-SMEs. This reflects that SMEs could be more actively looking to grow their business beyond the border. At the same time, there are a lot of M&A in the ASEAN region, and the interest comes from both within and outside this region, which explains the future need for help in this area.



4.2.1 Singapore

The survey sample for Singapore comprises a large population of enterprises in the Service industry (66.2%). SMEs make up only 39.0% of the Singapore respondents population. The proportion of SMEs does not differ much between the two broad industry segmentations (Production and Service), whereby SMEs account for 38.5% of Production respondents and 39.2% of Service respondents. There are more micro enterprises (revenue below SGD10 million) in the Service industry than in the Production one.

Medium Technological Maturity Prevails, Service Industry Being More Advanced than Production

Singapore is widely known for its strong technological infrastructure and facilities, as well as high Internet and mobile penetration rates. The technological maturity within the Service industry appears to be higher than the Production industry, as the proportion of respondents with medium-to-advanced level of automation is 80.4% in the former, and 69.2% in the latter. None of the respondents within the Singapore survey sample perceived their organisations to be at the lowest level of technological maturity (largely manual).

Expected spending on Professional Services proportionate with enterprise size, largely driven by production segment

Larger enterprises, in terms of revenue, tend to envision spending more on Professional Services over the next three years.⁴⁷ As the survey sample is skewed

towards non-SMEs (61.1%), we also observed a large proportion of the respondents (63.7%) expecting to spend over SGD200,000 on Professional Services over the next three years. Amongst the top spenders (over SGD1 million budgeted for Professional Services), 15 are big companies with revenue of SGD1 billion

TABLE 3: Profile of top spenders on Professional Services (over SGD1 million in expenditure expected over the next three years) in Singapore

REVENUE (No. of Respondents)	INDUSTRY (No. of Respondents)
SGD1 billion and above (15)	Oil & Gas (1) Properties (1) Construction (1) Multi-industry (1) Transport/Storage (4) Communications (1) Healthcare (1) Retail & Consumer Goods (1) Finance (2) Medical & Healthcare Equipment (1) Media & Publishing (1)
SGD100 million - below SGD1 billion (6)	Construction (1) Transport/Storage (1) Commerce (1) Medical & Healthcare Equipment (1) Retail & Consumer Goods (1) Technology (1)
SGD10 million - below SGD100 million (1)	Government and public sector (1)
Below SGD10 million (1)	Education (1)

47 $r=0.729$, $n=77$, $p<0.01$

Overall, respondents tend to allocate higher proportions of their Professional Services budget over the next three years to two broad categories – Audit and Assurance, and Tax Advisory & Compliance.

and above. With the larger population of respondents in the Singapore sample, the Service industry also saw a higher number of companies that anticipated higher three-year expenditure on Professional Services (exceeding SGD200,000, and even over SGD1 million).

The expected expenditure on Professional Services accounts for a higher percentage of enterprise revenue amongst SMEs than non-SMEs, as detailed in Table 4. This is understandable as for larger enterprises, a similar proportion of their revenue will be translated into a larger amount of money.

Focus of spending on Professional Services

Overall, respondents tend to allocate higher proportions of their Professional Services budget over the next three years to two broad categories – Audit and Assurance, and Tax Advisory & Compliance. This is most likely due to

Singapore's strict statutory requirements. Meanwhile, the fact that the lowest proportions of budgeted expenditure are given to Restructuring & Insolvency, and Others (which comprises Islamic banking advisory and compliance, Business model innovation, and Regionalisation) implies a stable and healthy business environment. Compared to SMEs, larger enterprises expect to spend more on Tax Advisory & Compliance, IT Advisory and

Restructuring & Insolvency, as they normally encounter these issues with higher complexity and on a larger scale.

Higher demand for technology related Professional Services from production industry

IT solution business and International tax advisory will see highest proportions of budget amongst non-regulated Professional Services in both the Service

TABLE 4: Estimated average spending on Professional Services over the next three years, by revenue, in Singapore

REVENUE BAND	AVERAGE SPENDING AGAINST REVENUE (%)
Below SGD10 million	0.20
SGD10 million - below SGD100 million	0.36
SGD100 million - below SGD1 billion	0.18
SGD1 billion and above	0.08

TABLE 5: Top 5 Professional Services by industry, regulated versus non-regulated, in Singapore

REGULATED		NON-REGULATED	
SERVICE	PRODUCTION	SERVICE	PRODUCTION
1. Statutory audit	1. Statutory audit	1. IT solution business	1. International tax advisory
2. Corporate secretarial and legal services	2. Compliance in corporate and personal tax	2. International tax advisory	2. IT solution business
3. Compliance in corporate and personal tax	3. Compliance in GST/VAT compilation and advisory	3. Accounting advisory	3. Technology consulting
4. Compliance in GST/VAT compilation and advisory	4. Corporate secretarial and legal services	4. Other assurance	4. Data analytics
5. Statutory financial reporting/ compilation	5. Statutory financial reporting/ compilation	5. Internal audit	5. Other assurance

Non-SMEs have a stronger tendency to introduce more technology into their business processes, and hence, expect to spend more on technology consulting than SMEs.

and Production industries. Other than these, the two segments have different priorities for non-regulated Professional Services. The Service segment will spend more on audit and assurance services, while the Production segment has higher expenditure on technology-related assistance.

Different spending patterns for non-regulated services between SMEs and non-SMEs

Though both segments share the same top spending service line (IT solution business), SMEs anticipate spending more of their Professional Services budget on Process improvement and Accounting advisory, while non-SMEs expect to expend more for International tax advisory and Technology consulting. This is probably because as smaller firms and, more than often, having less sophisticated operations, SMEs will likely need more help in strengthening their functions. On the other hand, larger enterprises usually deal with more issues on a regional and international scale, thus, the need for external advice on International tax advisory. In addition, non-SMEs have a stronger tendency to introduce more technology into their business processes, and hence, expect to spend more on technology consulting than SMEs.

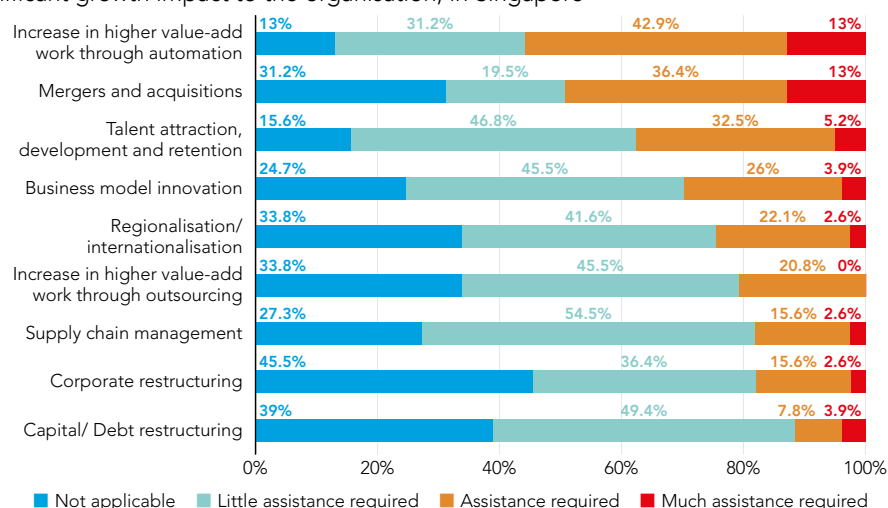
Growth areas for Professional Services

Overall, Singapore respondents anticipate that they would require external assistance the most for Increase in higher value-add work through automation. This is in line with our earlier

TABLE 6: Top 3 areas for spending, SMEs versus non-SMEs, in Singapore

SMEs	Non-SMEs
REGULATED	
1. Statutory audit	1. Statutory audit
2. Corporate secretarial and legal services	2. Compliance in corporate and personal tax
3. Compliance in corporate and personal tax	3. Corporate secretarial and legal services
4. Compliance in GST/VAT compilation and advisory	4. Compliance in GST/VAT compilation and advisory
5. Sustainability & CSR reporting	5. Statutory financial reporting/compilation
NON-REGULATED	
1. IT solution business	1. IT solution business
2. International tax advisory	2. Risk advisory
3. Accounting advisory	3. International tax advisory
4. Process improvement	4. Technology consulting
5. Business strategy and plans	5. Data analytics

FIGURE 11: Perceived demand for external advice and assistance, by area with significant growth impact to the organisation, in Singapore





finding that after the leading budgeted expense for Statutory audit and assurance, IT advisory is most sought after and budgeted for. Other growth areas that professional services firms should take note of are M&A, Talent attraction, development and retention, and Business model and innovation. Larger enterprises would expect to use more external help for M&A than SMEs.

SMPs as SMEs' top choice of Professional Services provider

Singapore enterprises have a higher preference for local firms than foreign ones. The country has a rather developed professional and advisory industry, with a number of local established players and a solid legislation framework that functions efficiently. Thus, enterprises do not necessarily need to seek help from foreign firms for most of the issues they face.

Within both the Service and Production segments, big accounting firms are engaged more often than SMPs, which is largely driven by the dominance of large enterprises in the sample who can afford the services from Big 4 firms. However, for SMEs, SMPs are the most frequently engaged provider of Professional Services. SMPs could consider putting more focus in growing advisory services, especially for non-regulated service lines. A survey conducted in 2013 revealed that SMEs' expected future demand from SMPs was highest for service lines under

Risk Management Advisory, Business Strategy Advisory, and Business Process Advisory. Such services, if SMPs could provide with desired quality, would help SMEs in expanding their operations beyond Singapore.⁴⁸

4.2.2 ASEANex

The responses from ASEANex survey participants revealed certain noteworthy trends that are summarised as follows.

Small budget for Professional Services, mainly influenced by SMEs

In general, over half of the respondents from ASEANex expected to allocate less than SGD50,000 from their budget on Professional Services over the next three years, which is understandable, as majority of respondents (74.5%) in this region are SMEs. As the representation of larger enterprises is rather limited, there is not enough evidence to ascertain the extent of demand from non-SMEs.

Different demands on Professional Services to serve different business focus

Though the Top 3 Professional Services broad categories for ASEANex are similar to Singapore, there are slight differences in which service lines the respondents expected to spend on. Respondents in ASEANex prefer to allocate higher budgets on Accounting advisory over Corporate secretarial and legal services, as compared to the Singapore respondents. The demand for Accounting

advisory services comes mainly from non-SMEs and those in the Production industry. In addition, SMEs in ASEANex would allocate higher budgets to International tax advisory than Risk advisory, in comparison to non-SMEs. This suggests that SMEs in ASEANex are either growing or looking to further grow their business overseas, whereas the non-SMEs are focusing more on managing risks to improve their business performances in the next three years.

Lack of Talent Supply Remains a Challenge for ASEANex Enterprises

The Top 3 growth areas for ASEANex are generally similar to Singapore. Talent attraction, development and retention is ranked higher than M&A in ASEANex, as compared to Singapore, which may suggest that ASEANex enterprises are facing challenges to recruit and keep the right talents in ensuring their business remains competitive in ASEAN emerging markets. Non-SMEs in ASEANex are more concerned about Supply chain management, while SMEs will require more assistance on Business model innovation.

Big 4 firms still have an edge over SMPs

When dealing with Professional Services firms, SMEs slightly preferred the Big 4 than SMPs. This is possibly because SMPs need more time to build their reputation, credibility and capacity to gain clients' trust, particularly SMEs.

48 2013, ICPAS-CPA Australia Roundtable, *Leveraging on Advisory Services for Business Growth*, page 13, <https://isca.org.sg/media/207801/icpas-cpa-australia-leveraging-on-advisory-services-for-business-growth_roundtable-report.pdf>, accessed 20 November 2017.



4.3 CHINA (INCLUDING HK)

This section presents the findings from the survey in China, which includes both respondents in Mainland China and Hong Kong. As China becomes the world's largest emerging market economy, the findings provide valuable information to understand enterprise demand for Professional Services, as well as what professional services firms should do to serve this big clientele.

Expenditure on Professional Services over the next three years

Demand for Professional Services in China will be driven mostly by large enterprises. Majority (85.2%) of the SMEs expected to spend less than SGD200,000 on Professional Services over the next three years (Figure 12). In comparison, almost half of the non-SME respondents (47.0%) have plans to spend more than SGD500,000 on Professional Services over the same period.

Industry wise, higher spending is expected from Production enterprises than Service enterprises. More than half of the respondents in the Production industry (56.8%) will spend at least SGD200,000 on Professional Services, as compared to less than one third (31.1%) of the respondents in the Service industry. This is partly due to the fact that the proportion of respondents that are non-SMEs is higher within the Production industry (54.5%) than the Service industry (40.8%).

About one-quarter of the Chinese respondents indicated that they expected to spend at least SGD500,000 on Professional Services over the next three years (Table 7). Amongst them, majority are engaged in Finance and Manufacturing & electronics. Only six respondents are SMEs, majority of who are in the Service industry.

FIGURE 12: Segmentation of respondents, by expected expenditure on Professional Services over the next three years, in China

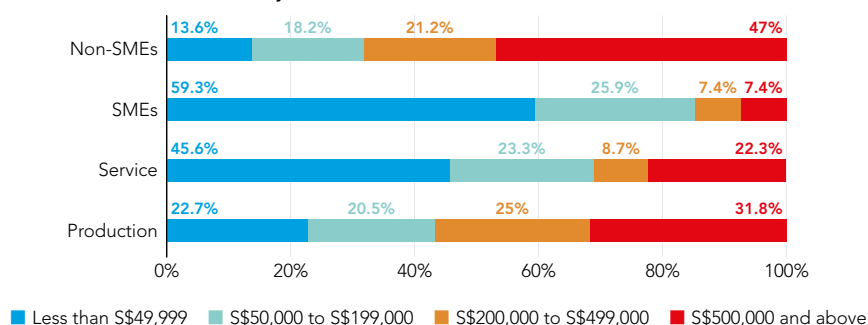
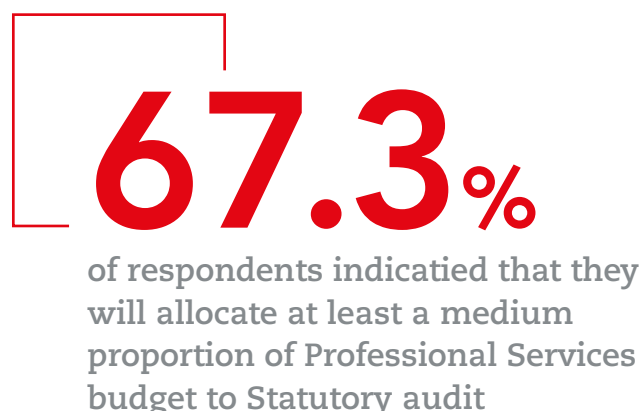


TABLE 7: Number of respondents that expect Professional Services expenditure of or exceeding SGD500,000 over the next three years, segmentation by industry, in China

INDUSTRY	INDUSTRY BREAKDOWN	MAINLAND CHINA	HONG KONG
Service	Business and accounting services	-	1
	Communications	1	1
	Finance (Banking, insurance, stockbroking and related)	9	1
	Government and public sector	-	1
	Healthcare	1	1
	Management, legal and consultancy services	4	1
	Retails and consumer goods	1	-
	Technology	1	-
Production	Agriculture	1	-
	Manufacturing and electronics	6	-
	Medical and healthcare equipment	2	-
	Others	1	-
	Mining	1	-
	Properties	1	1
	Utilities (Electricity, gas, water)	1	-



Expected budget proportion on Professional Services expenditure

In terms of broad categories, the Chinese respondents would allocate higher expenditure proportions to Audit & Assurance, IT Advisory, and Risk Management & Governance (Figure 13). The findings are in line with the on-going structural reforms in China, which are driven by the “3 Cut, 1 Reduce and 1 Enhance” government initiative to reduce overcapacity, and enhance productivity and performance. Chinese professional firms, in particular accounting firms, would benefit from these initiatives, as there is demand for services such as strategic planning, M&A, process reengineering, and cost and risk control. The lowest budget proportions of Professional Services expenditure are given to Restructuring & Insolvency and Corporate Support Services. It is noted that the Chinese respondents chose to spend more on IT Advisory than Tax Advisory & Compliance, in comparison to respondents from the ASEAN region, Singapore and Hong Kong. This is not surprising as there are over 700 million mobile internet users in China. With increasing time spent on mobile transactions by customers, and the explosive volume and value of mobile payments, Chinese companies will need to understand and manage their customers’ changing needs in a new digital era⁴⁹.

FIGURE 13: Expected budget proportion on Professional Services expenditure, by broad categories, in China

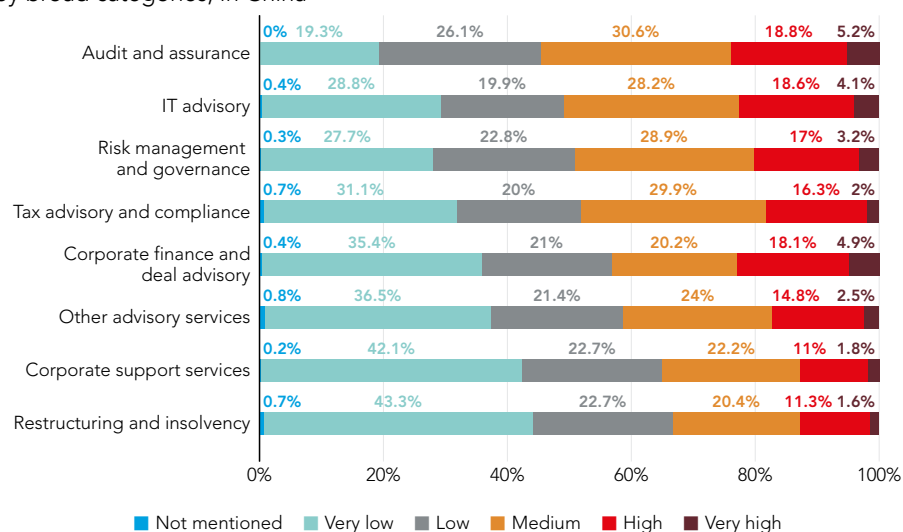
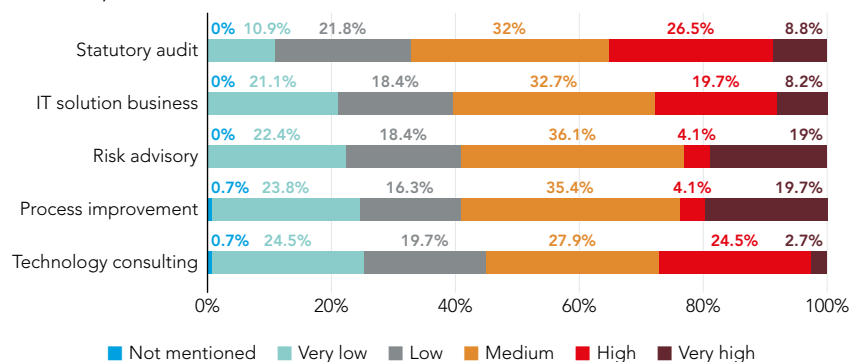


FIGURE 14: Expected budget proportion on Professional Services expenditure, by service lines, in China



49 2017, Kleiner Perkins Partners, *Internet Trends 2017*, page 200, 201 and 219, <<https://iabsverige.se/wp-content/uploads/InternetTrends2017Report.pdf>>.

The demand for IT Advisory, such as IT solution business and Technology consulting, is quite significant amongst the China respondents.

Amongst the service lines covered in the survey, the most in demand, as measured by the percentage of respondents indicating that they will allocate at least a medium proportion of Professional Services budget to that respective service line, are Statutory audit (67.3%), followed by IT solution business (60.6%), Risk advisory (59.2%), Process improvement (59.2%) and Technology consulting (55.1%). See Figure 14.

IT Advisory Tops the List of Most Demanded Professional Services
Leading non-regulated services in China are technology related solutions, ranging from IT solution business, Process improvement, Technology consulting and Data analytics. Other significant non-regulated services that are in demand include Accounting advisory, Internal audit and Risk advisory.

The demand for IT Advisory, such as IT solution business and Technology consulting, is quite significant amongst the China respondents. The digital economy is overwhelmingly driving China’s economic expansion: it grew 18.9% in 2016, compared to the overall economy’s 6.7% growth in 2016⁵⁰. The Chinese government has committed to investing in the continued growth of the

TABLE 8: Top 5 demanded non-regulated Professional Services in China

SERVICE	PRODUCTION	SMES	NON-SMES
1. IT solution business	1. IT solution business	1. Accounting advisory	1. IT solution business
2. Risk advisory	2. Technology consulting	2. Risk advisory	2. Risk advisory
3. Process improvement	3. Risk advisory	3. Process improvement	3. Technology consulting
4. Accounting advisory	4. Accounting advisory	4. Internal audit	4. Process improvement
5. Internal audit	5. Process improvement	5. IT solution business	5. Data analytics

digital economy through policy initiatives including the *Belt and Road Initiative* and *Made in China 2025*. In emerging economies like China, investing in digital capabilities is particularly important for driving the digital transformation of traditionally “offline” industries, such as manufacturing. Professional firms need to upskill their talents to embrace / utilize these technologies to better serve the demand in market. However, in terms of service offerings, accounting practices in China still depend on the traditional services such as Assurance, Tax & Compliance and Risk & Controls to generate their incomes.⁵¹ While majority of the practices in China have not offered

a wider range of services, including IT advisory, financial and business management, to their clients,⁵² it suggests that there are opportunities for practices to diversify their services and generate additional revenue from non-core services in the future. Steps are being taken in China for Chinese accounting firms to explore other non-assurance services such as consulting services in information systems, e-commerce and carbon emissions, where the focus will be on supporting innovative and creative industries that are engaged in high technology, information, finance and insurance.

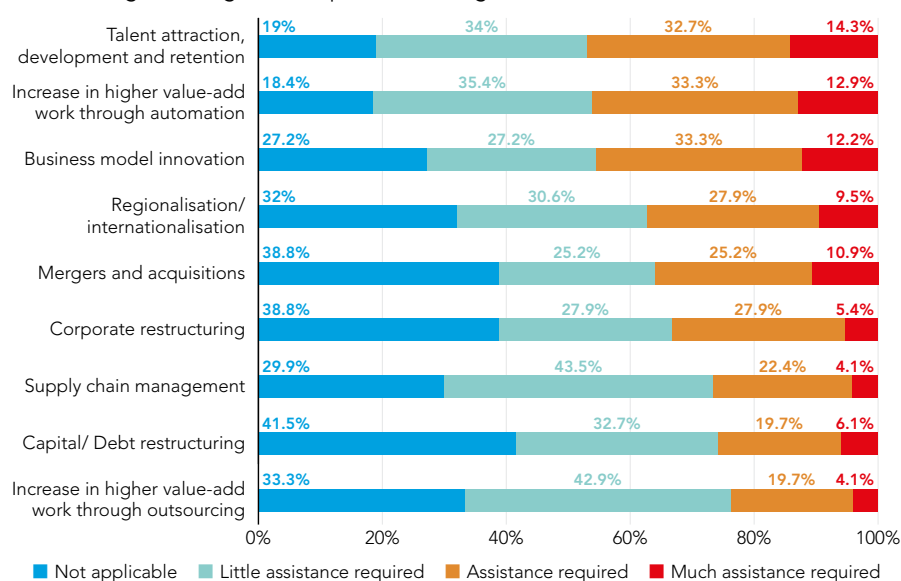
50 2017, LinkedIn, *China Digital Economy Talent Report*, <<https://economicgraph.linkedin.com/blog/china-digital-economy-talent-report>>.
51 2015, The Association of Chartered Certified Accountants, *The Global Business SMP Model Survey: Understanding a Changing Profession*, page 27, <http://www.accaglobal.com/content/dam/ACCA_Global/Technical/smb/ea-global-smp-survey.pdf>, accessed 21 November 2017.
52 2016, Singapore Accountancy Commission, *Accounting Entities Regionalisation Survey 2016*, page 20, <<https://www.sac.gov.sg/sites/default/files/AE%20Regionalisation%20Survey%20Report%202016.pdf>>, accessed 21 November 2017.

The growth areas where most assistance will be required are Increase in higher value-add work through automation for Service industry, and Business model innovation for Production industry.

Growth Areas

Overall, the Top 5 growth areas in which the China respondents would require external assistance are Talent attraction, development & retention, Increase in higher value-add work through automation, Business model innovation, Regionalisation/internationalisation, and M&A (Figure 15). By comparing the revenue sizes, the growth area that SME enterprises will require assistance the most is Business model innovation. For non-SMEs, it is Talent attraction, development & retention. According to ACCA-Ruihua's 2016 Audit Talent Survey⁵³ in China, around 24% respondents who are currently working for CPA firms expressed they would leave the firm within 2 years. Only 67% of respondents who are working as an audit manager or senior manager were satisfied with their current job. The growth areas where most assistance will be required are Increase in higher value-add work through automation for Service industry, and Business model innovation for Production industry. The growth area that SMEs least required assistance is Increase in higher value-add work through outsourcing, and for non-SMEs, Capital/debt restructuring. These least required assistance growth areas are also similar to the Service and Production industries, respectively.

FIGURE 15: China respondents' perceived demand for external advice and assistance, by area with significant growth impact to the organisation, in China



These findings are consistent with a 2017 Deloitte China Survey, which stated that the changing business environment remains the main challenge within Financial Services in China. It requires businesses to innovate, adjust their strategies and adopt technologies in the face of digital disruption. Their study also found that "Talent" was ranked third on the top ranking issue in the Financial

Services sector, after "Competition" and "Industry regulation". Furthermore, they also found that the top areas for resource allocation are new product development (73%), IT investment (67%) and talent-related compensation (67%), thus, reiterating that Chinese enterprises will continue to develop in areas such as talent acquisition, IT infrastructure and technological investment.⁵⁴

53 ACCA-Ruihua China Audit Talent Survey, 2016 (available in Mandarin only), < http://cn.accaglobal.com/news/professional_report/baogao-451.html>.

54 2017, Deloitte, Talent and technology development as top priorities for China CFOs, according to Deloitte, <<https://www2.deloitte.com/cn/en/pages/about-deloitte/articles/pr-china-cfo-survey-2017-q3-report.html>>, accessed 22 January 2018.

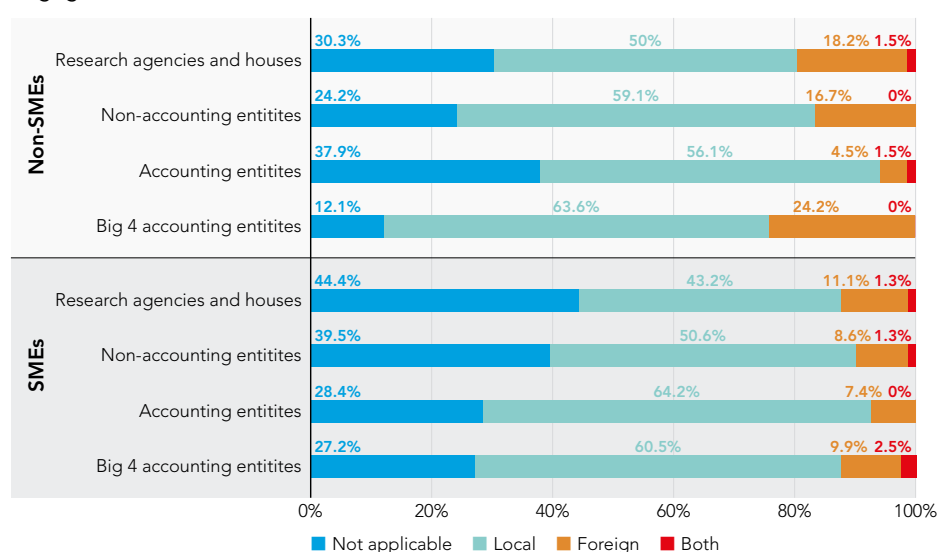
Overall, respondents preferred to obtain Professional Services from the Big 4, followed by SMPs, Non-accounting entities, and Research agencies, which is similar for SMEs.

A significant contribution to the demand for Professional Services in China is the *Belt Road Initiative*, which creates not only opportunities, but also urges both Chinese enterprises and professionals to internationalise and expand operations. Likewise, this demand is pushing Chinese accounting firms into a new era in seeking new talent (skillsets), improving professional competence, strengthening quality control and identifying synergistic professional firms to extend international networks.

Preferred Service Providers

Chinese enterprises preferred local firms to foreign firms, as language and local knowledge are amongst the biggest challenges for professional services firms in China to acquire clients. Overall, respondents preferred to obtain Professional Services from the Big 4, followed by SMPs, Non-accounting entities, and Research agencies, which is similar for SMEs. For non-SMEs in China, the Big 4 is also the top choice, while SMPs are the least preferred service providers (Figure 16). This suggests that perhaps SMPs do not yet have the sufficient capacity to meet the needs of large enterprises. The accounting market in China remains highly competitive. Big 4's major efforts are invested on the big clients with high value services, especially

FIGURE 16: Segmentation of respondents by type of Professional Services firms engaged in China



one-stop services in the different stages of their clients. Based on CICPA's annual rankings 2015 and 2016, revenue growth for China's top 100 CPA firms was maintained around 17% to 18% in 2015 and 2016. Nonetheless, the growth in accounting firm revenue far outpaced the growth in GDP, indicating that China continues to invest in accounting services. The international Big 4 firms grew at 7.5%

in 2016 and 2015, significantly down from 18.2% in 2014. Local firms continued to outpace the Big 4 in revenue growth. That has led to a decline in the Big 4's share of the Top 100 market to 27.8% in 2016 from 31% in 2014⁵⁵, continuing a steady slide over the last few years. It will take a lot of time and efforts for SMPs to establish their position in this market and acquire bigger clients.

55 CICPA, China's Top 100 CPA Firms Annual Ranking, 2015, 2016 and 2017 (available in Mandarin only), <http://www.mof.gov.cn/zhengwuxinxi/caizhengxinwen/201610/t20161024_2441237.htm> and <http://www.mof.gov.cn/zhengwuxinxi/caizhengxinwen/201507/t20150716_1330755.html>.



4.3.1 Hong Kong

Large expenses on Professional Services per enterprise size

Amongst all geographies in the survey, Hong Kong respondents indicated the highest expected expenditure on Professional Services, as a percentage of enterprise revenue. Enterprises would spend approximately 0.88% of their revenue on average, and this number is even higher within the Service segment (0.96%). In general, slightly more than half of the Hong Kong respondents expected to spend more than SGD100,000 of their budget expenditure on Professional Services in the next three years. This could be due to the high costs in general in Hong Kong.

Higher Professional Services spending on risk advisory

Hong Kong respondents tend to spend largely on Audit & Assurance (45.5% indicating medium and above proportion of expenditure on this area), Tax Advisory & Compliance (32.2%), and Risk Management Governance (30.0%). In terms of service lines, the Top 5 include Statutory audit, IT solution business, Compliance in corporate & personal tax, Risk advisory, and Accounting advisory. Hong Kong respondents would prefer to spend more on Risk advisory as compared to Singapore respondents, who would spend more on International tax advisory.

Respondents from the Production industry would spend more on Corporate secretarial & legal services and Compliance in corporate & personal tax, as compared to respondents from the Service industry, who would spend more on IT solution business and Risk advisory. Non-SME respondents allocated higher budgets to Data analytics and Technology consulting, whereas SMEs would spend more on Risk advisory and Accounting advisory. It is further noted that the demand for IT business solution from non-SMEs in the Service and Production industries is significantly high.

Our finding is also consistent with a 2015 report from the Hong Kong Census and Statistics Department,^{56, 57} which shows that service demand from Mainland Chinese enterprises, from Hong Kong service providers, include statutory audit, investment-related, tax and corporate advisory services.⁵⁸ This may imply that enterprises are evolving to improve their business strategies and performance using IT-related services.

SMEs respondents would require support on business model innovation

Overall, Hong Kong respondents required much assistance on Increase in higher value-add work through automation, followed by Talent attraction, development & retention, and M&A.

Although all respondents generally would need much assistance on Increase in higher value-add work through automation, SME respondents said that they would also need support on Business model innovation (26.3%) and M&A (21.1%). Moreover, non-SME respondents would need assistance on M&A (45.5%) and supply chain management (36.4%).

Meanwhile, the Hong Kong government also sees the urgency and needs to embrace technology, to transform Hong Kong into regional innovation and technology hub. As such, several initiatives has been introduced, including setting aside HKD50 billion, earmarked for the development of innovation and technologies,⁵⁹ relaxation of the eligibility criteria for the Technology Voucher Programme,⁶⁰ and increased subsidies for the Continuing Education Fund. All these measures aim at helping companies improve their business strategies and upskill talents in technology adoption. Professional Services on Business model innovation and IT integration consulting would have significant growth potential.

56 2015, Census and Statistics Department, Hong Kong Special Administrative Region, Hong Kong Trade in Services Statistics in 2015, page 33, <<http://www.statistics.gov.hk/pub/B10200112015AN15B0100.pdf>>, accessed 21 December 2017.

57 2017, HKTDC Research, Accounting Industry in Hong Kong, <<http://hong-kong-economy-research.hktdc.com/business-news/article/Hong-Kong-IndustryProfiles/Accounting-Industry-in-Hong-Kong/hkip/en/1/1X000000/1X003UJZ.htm>>, accessed 14 December 2017.

58 2017, HKTDC Research, Accounting Industry in Hong Kong, <<http://hong-kong-economy-research.hktdc.com/business-news/article/Hong-Kong-IndustryProfiles/Accounting-Industry-in-Hong-Kong/hkip/en/1/1X000000/1X003UJZ.htm>>, accessed 14 December 2017.

59 1 March 2018, The Straits Times, "HK unveils 'bold, targeted' Budget to drive innovation".

60 1 March 2018, Information and Technology Commission, Technology Voucher Programme, <<http://www.itf.gov.hk/l-eng/TVP.asp>>, accessed 12 March 2018.

5. Appendix

5.1 DESCRIPTIVE STATISTICS

TABLE 9: Role of Respondents (ALL)

	SINGAPORE	ASEAN REGION (including Singapore)	CHINA + HONG KONG	HONG KONG	TOTAL*
Accounting manager	0	10	22	5	32
CEO (or equivalent)	3	8	0	0	8
CFO (or equivalent)	51	64	11	4	75
Finance manager	11	16	34	5	50
General Manager or Managing Director	4	7	6	3	13
Non-Finance Senior Manager	0	2	23	3	25
Other (please specify)	8	21	51	10	72
TOTAL	77	128	147	30	275

*Total = the ASEAN region (including Singapore) + China (including Hong Kong)

TABLE 10: Industry Breakdown of Respondents (ALL)

	INDUSTRY	SINGAPORE	ASEAN REGION (including Singapore)	CHINA + HONG KONG	HONG KONG	TOTAL*
Agriculture	Production	0	1	4	0	5
Business & Accounting Services	Service	1	8	6	1	14
Charity	Service	0	0	2	1	2
Commerce	Service	3	6	10	0	16
Communications	Service	1	2	4	2	6
Construction	Production	5	7	3	0	10
Education	Service	3	7	8	0	15
Finance (Banking, Insurance, Stockbroking & Related)	Service	6	11	30	3	41
Government and public sector	Service	2	5	3	2	8
Healthcare	Service	4	4	4	2	8
Hotels & Restaurants	Service	4	6	5	3	11
Management, legal and consultancy Services	Service	5	8	17	5	25
Manufacturing & Electronics	Production	6	13	17	2	30
Media & Publishing	Service	2	4	3	0	7
Medical & Healthcare Equipment	Production	2	3	4	0	7
Mining	Production	0	0	1	0	1
Multi-industry	Production	5	5	1	0	6

	INDUSTRY	SINGAPORE	ASEAN REGION (including Singapore)	CHINA + HONG KONG	HONG KONG	TOTAL*
Oil & Gas	Production	5	9	0	0	9
Other (please specify)	Production	0	0	4	0	4
Properties	Production	2	3	6	5	9
Retail & Consumer Goods	Service	8	10	6	2	16
Technology	Service	4	6	3	0	9
Transport/ Storage	Service	8	9	2	1	11
Utilities (Electricity, Gas, Water)	Production	1	1	4	1	5
TOTAL		77	128	147	30	275

*Total = the ASEAN region (including Singapore) + China (including Hong Kong)

TABLE 11: Revenue of Respondents (ALL)

	SINGAPORE	ASEAN REGION (including Singapore)	CHINA + HONG KONG	HONG KONG	TOTAL*
Below SGD 10M	8	30	48	11	78
SGD 10M-100M	22	38	33	8	71
SGD 100M-1B	20	30	43	10	73
SGD 1B and above	27	30	23	1	53
TOTAL	77	128	147	30	275

*Total = the ASEAN region (including Singapore) + China (including Hong Kong)

TABLE 12: Respondents' Expected Expenditure of Professional Services over the Next Three Years (ALL)

	SINGAPORE	ASEAN REGION (including Singapore)	CHINA + HONG KONG	HONG KONG	TOTAL*
Less than SGD10,000	8	18	18	5	36
SGD10,000 to SGD19,999	2	13	24	2	37
SGD20,000 to SGD49,999	6	13	15	5	28
SGD50,000 to SGD99,999	6	10	15	2	25
SGD100,000 to SGD199,000	6	11	18	3	29
SGD200,000 to SGD499,000	15	21	20	6	41
SGD500,000 to SGD1,000,000	11	15	10	1	25
SGD1,000,000 and above	23	27	27	6	54
TOTAL	77	128	147	30	275

*Total = the ASEAN region (including Singapore) + China (including Hong Kong)

TABLE 13: Service Lines and Categories

NO.	SERVICE LINE	CATEGORY	TYPE
1	Statutory audit	Audit and Assurance	Largely regulated
2	Accounting advisory	Audit and Assurance	Largely non-regulated
3	Other assurance	Audit and Assurance	Largely non-regulated
4	Bookkeeping	Corporate Support Services	Largely non-regulated
5	Corporate secretarial and legal services	Corporate Support Services	Largely regulated
6	Outsourcing of accounting/finance personnel	Corporate Support Services	Largely non-regulated
7	Payroll	Corporate Support Services	Largely non-regulated
8	Statutory financial reporting/compilation	Corporate Support Services	Largely regulated
9	Fund administration	Corporate Support Services	Largely regulated
10	Compliance in corporate and personal tax	Tax Advisory & Compliance	Largely regulated
11	International tax advisory	Tax Advisory & Compliance	Largely non-regulated
12	Compliance in GST/VAT compilation and advisory	Tax Advisory & Compliance	Largely regulated
13	Risk advisory	Risk Management & Governance	Largely non-regulated
14	Corporate governance advisory	Risk Management & Governance	Largely regulated
15	Fraud and forensic services	Risk Management & Governance	Largely non-regulated
16	Internal audit	Risk Management & Governance	Largely non-regulated
17	Business valuation	Corporate Finance & Deal Advisory	Largely non-regulated
18	Financial modelling	Corporate Finance & Deal Advisory	Largely non-regulated
19	Debt and capital advisory	Corporate Finance & Deal Advisory	Largely non-regulated
20	IPOs & capital markets activity	Corporate Finance & Deal Advisory	Largely non-regulated
21	M&A due diligence	Corporate Finance & Deal Advisory	Largely non-regulated
22	Strategy formulation & implementation	Corporate Finance & Deal Advisory	Largely non-regulated
23	Capital/Debt restructuring (capital advisory, judicial management, scheme of arrangement)	Corporate Finance & Deal Advisory	Largely non-regulated
24	Business strategy and plans	Corporate Finance & Deal Advisory	Largely non-regulated
25	IT solution business	IT Advisory	Largely non-regulated
26	Technology risk advisory	IT Advisory	Largely non-regulated
27	Technology consulting	IT Advisory	Largely non-regulated
28	Data analytics	IT Advisory	Largely non-regulated
29	IT forensic	IT Advisory	Largely non-regulated
30	Corporate restructuring (operational restructuring)	Restructuring & Insolvency	Largely non-regulated
31	Insolvency services (liquidation and receiverships)	Restructuring & Insolvency	Largely regulated
32	Litigation support & expert witness services	Restructuring & Insolvency	Largely non-regulated
33	Process improvement	Other Advisory Services	Largely non-regulated
34	Sustainability & CSR reporting	Other Advisory Services	Largely regulated
35	HR compliance	Other Advisory Services	Largely non-regulated
36	Succession planning/business transfer	Other Advisory Services	Largely non-regulated
37	Regionalisation	Other Advisory Services	Largely non-regulated
38	Islamic banking advisory and compliance	Other Advisory Services	Largely regulated
39	Business model innovation	Other Advisory Services	Largely non-regulated

5.2 SURVEY QUESTIONS

Apart from questions relating to demographics and profiles of respondents, the survey included the questions listed below.

TECHNOLOGICAL MATURITY	A	How would you describe the technological maturity of your organisation?	<ul style="list-style-type: none"> - Advanced level of automation - Medium level of automation - Low level of automation - Largely manual process
	B	What is your organisation's expected total expenditure on professional business and advisory services over the next 3 years?	<ul style="list-style-type: none"> - Less than US\$7,400/S\$10,000 - US\$7,400 to US\$14,799/S\$10,000 to S\$19,999 - US\$14,800 to US\$36,999/S\$20,000 to S\$49,999 - US\$37,000 to US\$73,999/S\$50,000 to S\$99,999 - US\$74,000 to US\$147,260/S\$100,000 to S\$199,000 - US\$148,000 to US\$369,260/S\$200,000 to S\$499,000 - US\$370,000 to US\$740,000/S\$500,000 to S\$1,000,000 - US\$740,000/S\$1,000,000 and above
PROFESSIONAL SERVICES	C	What is your expected proportion of expenditure for the professional business or advisory service listed below against the total expenditure (Selected in the previous question)?	39 Service Lines (refer to TABLE 13, above) ranked by <ul style="list-style-type: none"> - Very low - Low - Medium - High - Very High
	D	What are the areas that will have significant impact to your organisation's growth that will require external advice and assistance?	<ul style="list-style-type: none"> - Increase in higher value-add work through automation - Talent attraction, development and retention - Business model innovation - Mergers and acquisitions - Supply chain management - Regionalisation/internationalisation - Capital/Debt restructuring - Increase in higher value-add work through outsourcing - Corporate restructuring Ranked by <ul style="list-style-type: none"> - Not applicable - Little assistance required - Assistance required - Much assistance required
	E	From whom do you obtain professional business and advisory services (external to your organisation) most frequently?	<ul style="list-style-type: none"> - Big 4 accounting entities (Deloitte, EY, KPMG, PwC) - Accounting entities (other than the "Big 4") - Non-accounting entities (e.g. Accenture, Boston Consulting Group and the like) - Research agencies and houses Split by Foreign and Local

SERVICE DELIVERY	F	What are your main priorities when receiving professional business and advisory services?	<ul style="list-style-type: none"> - Quality of advice - Relevance of advice - Cost of advice - Timeliness of advice - Regional and/or global support - A wide range of services <p>Ranked by</p> <ul style="list-style-type: none"> - Lowest priority - Neutral - Highest priority
	G	How would you like professional business and advisory services, relating to standardised information, be delivered to you?	<ul style="list-style-type: none"> - Email - Face-to-face discussion with consultant - Detailed study with general solutions - Links to web pages - Tele-conversation with consultant - Discussion with Chat-Bots and Robo- Advisers <p>Ranked by</p> <ul style="list-style-type: none"> - Least preferred - Preferred - Most preferred
	H	How would you like professional business and advisory services, relating to customised information, be delivered to you?	<ul style="list-style-type: none"> - Face-to-face discussion with consultant - Detailed study with customised solutions - Detailed study with structured plan and key performance targets - Email - On-going coaching and mentoring by (human) consultants - Tele-conversation with consultant - Detailed study with general solutions - Links to web pages - Discussion with Chat-Bots and Robo- Advisers <p>Ranked by</p> <ul style="list-style-type: none"> - Least preferred - Preferred - Most preferred
	I	Which pricing model/billing option would you prefer for professional business and advisory services?	<ul style="list-style-type: none"> - Individually negotiated - Per transaction, cost-based - Per transaction, value-based - Standard fee per hour - Regular retainer - Share of proceeds - Commission <p>Ranked by</p> <ul style="list-style-type: none"> - Least preferred - Preferred - Most preferred
	J	How do you think professional business and advisory services can be improved to serve you better?	Open-ended question

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