

# Private Equity's Desire for Accounting Firms

Accounting firms have drawn more interest from private equity in recent years than many observers anticipated. This trend reflects a deep structural shift among modern buyers, who are perceiving accounting practices as recurring-revenue engines ripe for technological upgrades, roll-up consolidation, and margin expansion via operational discipline. Private equity groups now primarily view these targets as core platforms in professional services,

## Motivations Behind the PE Entry

[Private equity firms](#) prize accounting practices for their predictability: recurring fee income from audits, tax, and advisory engagements produces relatively stable cash flow even in economic downturns. Those firms often lack the capital to modernize their tech stacks, invest in AI-driven audit tools, or expand across different geographies; PE can provide not only capital but also execution capacity.

Additionally, many firm owners want liquidity but prefer staying involved; minority or staged exits give them flexibility. PE-backed models also allow consolidated back-office support, shared infrastructure, and acquisition by roll-ups, which in turn delivers economies of scale across smaller practices. The alternative practice structure (APS) model, where a non-CPA affiliate owns non-attest services while the CPA firm handles audit, offers a regulatory pathway for outside investment without violating auditor independence.

Yet, regulators and practitioners flag risks: influence from a financial sponsor can heighten pressure on margins, staffing models, and fee pricing, and may challenge the culture and ethical underpinnings of audit functions. The SEC has signaled caution around complex ownership structures and maintaining independence after outside capital enters the equation.

## What Consolidation Looks Like

The consolidation in accounting under private equity doesn't manifest as megafirms swooping down on Big Four rivals. Instead, mid-tier and regional practices serve as assembly pieces for platform strategies. Some PE sponsors act as roll-up engines: they acquire a series of smaller practices, bring them under a unified brand, centralize back office and technology, and gradually layer on cross-sell. In [one recent case](#), 13 accounting and financial services firms merged into one PE-backed entity called Sorren, bringing together approximately \$170 million in combined revenue.

Other models rely on strategic minority investments in Top 20 firms to catalyze internal growth and bolt-on acquisitions. For example, [Wipfli](#) recently accepted a significant minority investment from New Mountain Capital while remaining independent in audit operations.

## Who's Leading the Charge?

No single firm dominates yet; several sponsors show momentum. [New Mountain Capital](#) has backed multiple accounting platforms: it sold its stake in Citrin Cooperman to Blackstone, and it maintains investments in Grant Thornton and other mid-tier players. Blackstone's entry into accounting via Citrin Cooperman signals ambition to become a top-tier consolidator. Meanwhile, the [Baker Tilly/Moss Adams merger](#) highlights how existing PE-backed firms can merge to scale upward, potentially shifting the balance among sponsors.

Grant Thornton's sale of a majority stake to New Mountain transformed its structure: the audit arm remains a CPA partnership, while advisory flows through a PE-backed parent. Given these trajectories, the "winner" may well be the firm that artfully balances growth and professional integrity, rather than the one that merely accumulates assets.

## The Road Forward

Firms that secure capital and drive modern infrastructure will undoubtedly outpace purely organic competitors, but scrutiny over audit independence, culture, and fee discipline will almost definitely intensify. For private equity sponsors, success hinges on preserving professional credibility while scaling profitably.

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