

AI Disruption Forces Consulting & Law Firms to Reinvent

Executive Summary

In the past 48 hours, professional service firms have seen multiple signs that AI is both a game-changer and a threat. Major consultancies and law firms are racing to integrate AI into their work, even as their clients adopt the same tools in-house. These twin forces are squeezing the traditional advisory model, raising urgent questions about pricing, talent, and the role of human expertise in an AI-driven industry.

AI on the Inside: Automating the Work of Advisors

A new industry survey finds that 40% of professionals in legal, accounting, tax and consulting now use generative AI in their organizations – nearly double the adoption rate of a year ago (www.thomsonreuters.com [1]). It's no wonder, as the largest consulting and law firms have collectively invested over \$10 billion in AI initiatives since 2023 (futureofconsulting.ai [2]), seeking to boost productivity and efficiency across their work.

Consulting firms in particular are infusing AI into their service delivery. Just yesterday, Accenture announced it led a \$110 million funding round for customer service AI startup Netomi, and is training hundreds of its consultants to deploy Netomi's "agentic AI" bots in client customer-service operations (www.channelnewsasia.com [3]). And last week, McKinsey & Company partnered with Google Cloud to form a new AI Transformation Group, combining McKinsey's domain expertise with Google's AI models (like the latest Gemini) to help enterprises build AI solutions faster – even offering to co-invest in projects and tie fees to measurable outcomes (www.mckinsey.com [4]).

Law firms are likewise embracing AI to augment their teams. In a high-profile move on April 30, Slaughter and May – one of the U.K.'s elite firms – announced it will roll out Harvey's generative AI platform across all practice areas, after months of rigorous testing against a rival system (legaltechnology.com [5]). Harvey, a startup built on OpenAI's GPT technology, says it now serves 42% of the top 100 U.S. law firms and has surpassed \$100 million in annual recurring revenue (news.bloomberglaw.com [6]). Even traditionally cautious industries such as legal and audit are now moving from AI pilots to enterprise-scale implementation.

However, integrating AI into internal workflows is not a panacea. Early evidence suggests that efficiency gains don't automatically translate into faster project delivery or higher profit. In fact, many firms aren't even measuring the returns: only 18% of professionals say their company tracks ROI on AI efforts, and 40% don't know if any ROI is being measured (www.thomsonreuters.com [7]). As one legal tech expert pointed out this week, AI can draft documents or analyze data in minutes, but the hours saved often resurface in new tasks like verification and additional review – meaning real turnaround times and billable hours may not actually shrink without a broader process change

(www.artificiallawyer.com [8]) (www.artificiallawyer.com [9]). This internal tension—between AI's promise and the realities of professional workflows—has become impossible for firm leaders to ignore.

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AI on the Outside: Clients Get Self-Sufficient

The AI upheaval isn't confined to what happens inside consulting and law firms; it's also transforming their clients' capabilities. Corporate departments are rapidly adopting generative AI and automation tools to do work that once required external advisors. A recent study found that three-quarters of CFOs plan to boost tech spending in 2026 (almost half by 10% or more) to automate finance, analytics and other core processes (www.gartner.com [1]). From drafting contracts to generating reports, companies are finding that tools like ChatGPT Enterprise or Microsoft's Copilot can empower their own employees to handle tasks in-house, reducing the need to call in outside consultants for routine work.

We saw this dynamic play out in the legal field in the last 48 hours. On April 29, legal tech company LegalOn launched "Vault," an AI-driven platform for in-house legal teams that turns executed contracts into searchable, structured data (www.legalontech.com [2]). The tool – already adopted by thousands of companies globally – tackles the drudgery of manual contract management by automatically extracting key dates, clauses, and obligations from signed documents. It directly addresses one of the top pain points that 66% of legal professionals want AI to solve (www.legalontech.com [3]), enabling corporate lawyers to rapidly answer business questions from past contracts without outside counsel.

As clients arm themselves with such AI capabilities, they inevitably begin to expect more efficiency – and perhaps lower fees – from their external advisors. Two-thirds of corporate legal and compliance leaders already say they want their law firms to use AI for increased speed and cost-effectiveness, although less than 20% currently mandate it (www.thomsonreuters.com [4]). In the words of one industry insider, the "cost of inaction" on legal AI is becoming too high to bear (www.artificiallawyer.com [5]). If a company's own people can get quick answers from an AI tool, they will be far less inclined to pay hundreds of dollars per hour for an outside professional to do the same. The risk for traditional firms is clear: fail to bring the latest AI efficiency into client service, and clients may begin to question paying for your junior-level work – or do it themselves.

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New Models and the Human Edge

AI's double-edged disruption is forcing a fundamental rethinking of business models in professional services. In the legal sector, we are witnessing the rise of what some call “full-stack AI” law firms – built from the ground up with AI at their core (www.lupl.com [1]). Rather than retrofitting old practices with a bit of automation, these AI-native entrants are redesigning how advice is delivered. Industry leaders observe that such firms operate with dramatically leaner staffing models – more like slender “obelisks” than pyramids – eliminating layers of junior bureaucracy, charging fixed or subscription fees instead of billable hours, and instilling an “AI-first” culture from day one (www.lupl.com [2]) (www.lupl.com [3]). Traditional firms now face agile competitors who don't carry the same overhead and can deliver certain services faster and cheaper using smart software.

Established consultancies and big law firms are also beginning to experiment with new ways of working and charging. The centuries-old billable hour model, long the bedrock of professional services, is under scrutiny. When an advanced AI can perform document review or financial analysis in seconds, the idea of billing by the hour becomes, as the Wall Street Journal put it, 'increasingly untenable' (www.forbes.com [4]). Some forward-thinking firms are responding by moving toward value-based and outcome-driven pricing. Deloitte's consulting chief recently revealed plans to “share in the value” created by AI with clients, shifting to outcome-based fee models that reward results instead of effort (www.crn.com [5]). Similarly, McKinsey's venture with Google involves co-funded projects and success fees tied to measurable impact, rather than billing solely for time (www.mckinsey.com [6]).

The economics of the traditional people-heavy firm are in flux as well. For decades, the profits of large advisory firms have depended on leveraged teams of junior staff grinding through due diligence, research, and reports – the grunt work that actually pads the margins (www.forbes.com [7]). Now much of that work is being automated. In the UK, the Big Four accounting firms collectively cut their graduate intakes by up to 33% over the last two years, citing generative AI and offshoring of basic tasks that used to be handled by entry-level employees (businessquarter.co.uk [8]) (businessquarter.co.uk [9]). With fewer junior billers, a key engine of the old pyramid model is removed. This raises a stark question: where will tomorrow's seasoned consultants and partners come from if the traditional apprenticeship path is cut short?

On the positive side, AI is also birthing new lines of advisory business. All of the Big Four are reportedly developing “AI assurance” services to audit and validate clients' algorithms for fairness, security and compliance (businessquarter.co.uk [10]). Demand for guidance on responsible AI use is growing, and firms that can offer credible oversight of AI systems stand to capture new revenue. Moreover, some are reconceiving what a client engagement delivers in the first place – suggesting that the real product a firm provides 'in an AI-driven world' should be a working solution (such as a trained model or automated workflow) that continues to create value, rather than a static report about the solution (futureofconsulting.ai [11]). In other words, instead of just giving advice, consultants may increasingly build and transfer AI tools to their clients.

Finally, all of this forces a deeper examination of what “expert human judgment” means in the age of AI. Professional firms are keen to assert that while AI can handle analysis and paperwork, human expertise is still vital. EY, for example, touts that its new AI-enabled global audit platform will enhance

quality and speed while preserving the “fundamental role of human judgment, skepticism and insight” in the audit process (www.ey.com [12]). Law firm leaders voice a similar theme: Slaughter and May’s managing partner emphasized that the firm’s people remain the “vital human layer that supervises AI” in delivering legal advice (legaltechnology.com [13]). Likewise, the head of its innovation team noted that their competitive edge lies in the “depth and quality” of human experience – with AI serving to “enhance... creativity and problem solving” rather than replace lawyers (legaltechnology.com [14]). In an advisory world increasingly populated by machines, the unique insights, strategic thinking, ethical judgment and client trust that seasoned professionals provide are becoming more, not less, important. The challenge and opportunity for every firm is to redefine services so that human experts and AI together create more value than either could alone.

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Key Statistics

- 40% of professional services pros say their organizations now use generative AI, up from 22% in 2025 ([www.thomsonreuters.com](https://www.thomsonreuters.com/en/reports/2026-ai-in-professional-services-report#:~:text=Mike%20Abbott%20Head%20of%20Thomson,expect%20agentic)).
- Only 18% of professionals report tracking ROI on AI initiatives, while 40% don’t know if any ROI is measured ([www.thomsonreuters.com](https://www.thomsonreuters.com/en/reports/2026-ai-in-professional-services-report#:~:text=professional%20roles,mandate%20it%2C%20creating)).
- 67% of corporate clients want their outside firms to use AI tools for efficiency, but fewer than 20% mandate it ([www.thomsonreuters.com](https://www.thomsonreuters.com/en/reports/2026-ai-in-professional-services-report#:~:text=ROI%20is%20measured%20at%20all%2C,Special%20Report%202026%20AI)).

KEY TAKEAWAY

AI is disrupting professional services by automating key tasks within firms and enabling clients to self-serve, putting the traditional pyramid model of junior staff and billable hours under strain. Leaders must focus on what AI can't do and adopt outcome-based value models to stay relevant.

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