

Adapt or Be Automated: Professional Services Under AI Disruption

Executive Summary

A wave of AI developments in the past 48 hours underscores how professional services firms – from consultancies to law and accounting firms – are being disrupted from both inside and out. New AI tools are automating core advisory tasks and even taking the lead on client engagements (thenewstack.io [1]), while corporate clients armed with their own AI are rethinking their need for outside help (news.bloomberglaw.com [2]). The result is mounting pressure on traditional billing models and professional roles, forcing industry leaders to confront what it will take to stay relevant in an AI-powered world.

References:

[1] thenewstack.io — <https://thenewstack.io/pwcs-ai-agents-are-now-your-consultants-whether-youre-ready-or-not/#:~:text=embeds%20AI%20into%20how%20projects,start%20to%20consume%20service%20offerings>

[2] news.bloomberglaw.com — <https://news.bloomberglaw.com/artificial-intelligence/in-house-lawyers-use-of-gen-ai-more-than-doubles-in-one-year#:~:text=As%20corporate%20counsel%20become%20increasingly,their%20spending%20on%20outside%20counsel>

AI Moves from Back Office to Front Lines

Professional services giants are rapidly moving from using AI as a behind-the-scenes efficiency booster to making it a core part of client service. PwC, for example, has launched a new platform called 'PwC One' that allows clients to interact directly with autonomous AI agents for consulting tasks (thenewstack.io [1]). In this inverted model, a client describes their problem, the AI analyzes data and generates solutions, and human consultants then step in to review and refine the results (thenewstack.io [2]). It's a radical departure from the traditional pyramid model of armies of junior analysts crunching data in the background – and it's one that PwC says will fundamentally “reshape the consulting model” by embedding AI into the heart of project delivery.

Other major firms are on similar paths. KPMG, for instance, rolled out an AI-powered platform dubbed "KPMG Workbench" to support its global workforce. This open, multi-agent system – built on a multi-billion dollar investment in AI with partners like Microsoft – deploys a network of some 50 AI assistants (with hundreds more in development) working alongside employees across audit, tax, and advisory services (www.nasdaq.com [3]) (www.nasdaq.com [4]). These agents handle everything from data munging to drafting reports, enabling KPMG's human experts to focus on higher-value activities while ensuring rapid, consistent output for clients.

This week, IBM's consulting arm took the concept further by essentially productizing its own expertise. At its annual Think 2026 event, IBM unveiled “IBM Enterprise Advantage,” described as a first-of-its-kind, asset-based consulting service that helps companies build and operate their own internal AI platforms for business operations (businessdailynetwork.com [5]). IBM also enhanced its internal AI platform (Consulting Advantage) used by its consultants, introducing features like a new "Context Studio" that lets enterprises create AI agents grounded in their proprietary data and processes

(newsroom.ibm.com [6]). By turning hard-won knowledge and methodologies into AI-powered tools, firms like IBM are blurring the line between advisor and software provider – a clear sign that the future of client service will center on scalable AI solutions.

References:

- [1] thenewstack.io — <https://thenewstack.io/pwcs-ai-agents-are-now-your-consultants-whether-youre-ready-or-not/#:~:text=embeds%20AI%20into%20how%20projects,start%20to%20consume%20service%20offerings>
- [2] thenewstack.io — <https://thenewstack.io/pwcs-ai-agents-are-now-your-consultants-whether-youre-ready-or-not/#:~:text=embeds%20AI%20into%20how%20projects,start%20to%20consume%20service%20offerings>
- [3] www.nasdaq.com — <https://www.nasdaq.com/press-release/kpmg-launches-kpmg-workbench-multi-agent-ai-platform-transforming-client-delivery-and#:~:text=in%20practical%20ways%20to%20clients,of%20alliance%20partners%2C%20such%20as>
- [4] www.nasdaq.com — <https://www.nasdaq.com/press-release/kpmg-launches-kpmg-workbench-multi-agent-ai-platform-transforming-client-delivery-and#:~:text=%28Newsfile%20Corp.%20,help%20create%20value%2C%20faster%20by>
- [5] businessdailynetwork.com — <https://businessdailynetwork.com/stories/681788650-ibm-announces-new-ai-consulting-capabilities-and-partnerships-at-think-2026#:~:text=announced%20on%20May%206%20new,Mohamad%20Ali%2C%20Senior%20Vice>
- [6] newsroom.ibm.com — <https://newsroom.ibm.com/2026-05-06-ibm-consulting-expands-ai-capabilities-to-accelerate-enterprise-transformation#:~:text=business%20context,supporting%20digital%20sovereignty%20by%20helping>

When Clients Become DIY AI Experts

Even as service providers double down on AI, their clients are doing the same – sometimes reducing their reliance on outside experts as a result. In the legal industry, a newly released survey of corporate law departments found that 52% are now using generative AI, more than double the 23% from a year ago (news.bloomberglaw.com [1]). Critically, 64% of in-house counsel said these AI tools will enable them to send less work to their outside law firms, and half expect to cut spending on external lawyers accordingly (news.bloomberglaw.com [2]). They report using generative AI to handle tasks like drafting contracts, researching case law, and reviewing documents – work that they might have previously sent out to law firms, now accomplished in-house with AI assistance.

Similar stories are playing out across other corporate functions. CFOs and HR departments, for example, are experimenting with AI copilots for financial analysis, forecasting, and talent management tasks that once might have required a consulting engagement. As one industry commentator noted, the traditional advantage of top consulting firms – having armies of the best analysts to gather data and crunch numbers – is eroding as AI “increasingly equalizes analytical and recommendation capabilities” across the board (www.fastcompany.com [3]). When a business leader can use a generative AI tool to generate market research or simulate a strategic plan in minutes, they might think twice about calling in a high-priced external team for the first pass.

Clients are also starting to push their service providers to explicitly incorporate AI. In fact, about two-thirds of corporate clients say they want their law firms and consultants to use AI to work faster and smarter, although fewer than 20% currently enforce this expectation in contracts (www.thomsonreuters.com [4]). The message to service providers is implicit but clear: bring the efficiency of AI to the table – and pass along the benefits – or risk losing work to those who will. Enterprise clients are becoming more tech-savvy, and they will favor partners who can seamlessly integrate AI into their solutions.

References:

- [1] news.bloomberglaw.com — <https://news.bloomberglaw.com/artificial-intelligence/in-house-lawyers-use-of-gen-ai-more-than-doubles-in-one-year#:~:text=double%20the%202023,say%20they%20will%20need>
- [2] news.bloomberglaw.com — <https://news.bloomberglaw.com/artificial-intelligence/in-house-lawyers-use-of-gen-ai-more-than-doubles-in-one-year#:~:text=As%20corporate%20counsel%20become%20increasingly,their%20spending%20on%20outside%20counsel>
- [3] www.fastcompany.com — <https://www.fastcompany.com/91463039/why-the-mckinsey-layoffs-are-a-warning-signal-for-consulting-in-the-ai-age-ai-layoffs-management-consulting#:~:text=That%20advantage%20is%20now%20under,of%20a%20broader%20transformation%20of>
- [4] www.thomsonreuters.com — <https://www.thomsonreuters.com/en/reports/2026-ai-in-professional-services-report#:~:text=ROI%20is%20measured%20at%20all%2C,Most>

Pricing, Billing Models & Margins Under Pressure

The economics of professional services are being upended by AI-driven efficiency. Case in point: PwC has reportedly started cutting fees in areas where AI has sped up delivery, due to clients insisting on sharing the cost savings ([www.scottishfinancialnews.com \[1\]](https://www.scottishfinancialnews.com/articles/pwc-cuts-fees-as-clients-demand-share-of-ai-savings#:~:text=adobe,the%20pricing%20benefit%20of%20the)). As PwC's Chief AI Officer, Dan Priest, explained, clients hearing about the firm's use of automation would respond, 'We want our fair share of those efficiencies,' pushing the firm to adjust its pricing ([www.scottishfinancialnews.com \[2\]](https://www.scottishfinancialnews.com/articles/pwc-cuts-fees-as-clients-demand-share-of-ai-savings#:~:text=Priest%2C%20PwC%E2%80%99s%20chief%20AI%20officer%2C,like%20its%20competitors%2C%20has%20been)). In PwC's systems integration practice, for example, implementing AI has improved productivity by roughly 30%, and those gains have "in large part" been passed back to clients via reduced fees ([www.scottishfinancialnews.com \[3\]](https://www.scottishfinancialnews.com/articles/pwc-cuts-fees-as-clients-demand-share-of-ai-savings#:~:text=efficiencies%20we%E2%80%99re%20achieving,%E2%80%9CThere%E2%80%99s)). The traditional billable-hour model – long the bedrock of consulting and legal billing – is being challenged as routine tasks are automated and projects finish faster ([www.scottishfinancialnews.com \[4\]](https://www.scottishfinancialnews.com/articles/pwc-cuts-fees-as-clients-demand-share-of-ai-savings#:~:text=Altman%2C%20have%20long%20predicted%20that,been%20transparent%20about%20the%20pricing)).

The combination of technology and client scrutiny is also slowing growth for legacy firms. Over the last two years, many companies have reined in spending on outside advisers amid economic uncertainty ([bmmagazine.co.uk \[5\]](https://bmmagazine.co.uk/news/mckinsey-layoffs-ai-advances-consulting-jobs/#:~:text=also%20reflect%20a%20broader%20slowdown,annual%20meeting%20in%20Chicago%20in)). All of the Big Four accounting and consulting firms have seen their once-steady growth decelerate, even leading some to reduce headcount. At the same time, smaller upstarts are entering the market with AI-native business models. These lean, tech-driven consultancies – often backed by private equity – promise faster, cheaper project delivery, putting pressure on established players to cut prices and staffing to compete ([www.consultingpoint.com \[6\]](https://www.consultingpoint.com/news/2025/7/3/cuts-struggles-and-breakups-how-is-ai-reshaping-the-consultancy-sector#:~:text=one%20per%20cent,sum%20game%20for%20consulting)).

Firms are responding by streamlining and restructuring their workforces. McKinsey & Company, for example, has confirmed plans to shed roughly 10% of its non-client-facing roles (potentially several thousand jobs) over the next 18–24 months ([www.finalroundai.com \[7\]](https://www.finalroundai.com/blog/mckinsey-layoffs-few-thousand-jobs#:~:text=McKinsey%20Plans%2010,a%20moment%20shaped%20by%20rapid)). The firm is not just trimming roles for cost savings; it's also deploying technology to automate them. McKinsey has begun rolling out thousands of "Lilli" AI agents internally to take over tasks – from data collection to basic analysis – that were once the domain of junior consultants ([www.finalroundai.com \[8\]](https://www.finalroundai.com/blog/mckinsey-layoffs-few-thousand-jobs#:~:text=360%E2%80%93400%20people%20were%20laid%20off%2C,once%20handled%20by%20junior%20consultants)). Industry watchers estimate that as many as 50% of jobs in the Big Four's audit, tax, and advisory divisions could be eliminated by AI within just a few years ([insightpulse.liceron.in \[9\]](https://insightpulse.liceron.in/article/ai-revolution-big-4-consulting-job-risk#:~:text=Industry%20experts%20and%20former%20partners,For%20instance)). While such forecasts may be extreme, they highlight the scale of change facing traditional partnerships. The old leverage model of piling junior staff onto projects is losing its cost advantage in the face of AI, pushing firms to find new ways to maintain profit margins.

References:

- [1] [www.scottishfinancialnews.com](https://www.scottishfinancialnews.com/articles/pwc-cuts-fees-as-clients-demand-share-of-ai-savings#:~:text=adobe,the%20pricing%20benefit%20of%20the) — <https://www.scottishfinancialnews.com/articles/pwc-cuts-fees-as-clients-demand-share-of-ai-savings#:~:text=adobe,the%20pricing%20benefit%20of%20the>
- [2] [www.scottishfinancialnews.com](https://www.scottishfinancialnews.com/articles/pwc-cuts-fees-as-clients-demand-share-of-ai-savings#:~:text=Priest%2C%20PwC%E2%80%99s%20chief%20AI%20officer%2C,like%20its%20competitors%2C%20has%20been) — <https://www.scottishfinancialnews.com/articles/pwc-cuts-fees-as-clients-demand-share-of-ai-savings#:~:text=Priest%2C%20PwC%E2%80%99s%20chief%20AI%20officer%2C,like%20its%20competitors%2C%20has%20been>
- [3] [www.scottishfinancialnews.com](https://www.scottishfinancialnews.com/articles/pwc-cuts-fees-as-clients-demand-share-of-ai-savings#:~:text=efficiencies%20we%E2%80%99re%20achieving,%E2%80%9CThere%E2%80%99s) — <https://www.scottishfinancialnews.com/articles/pwc-cuts-fees-as-clients-demand-share-of-ai-savings#:~:text=efficiencies%20we%E2%80%99re%20achieving,%E2%80%9CThere%E2%80%99s>
- [4] [www.scottishfinancialnews.com](https://www.scottishfinancialnews.com/articles/pwc-cuts-fees-as-clients-demand-share-of-ai-savings#:~:text=Altman%2C%20have%20long%20predicted%20that,been%20transparent%20about%20the%20pricing) — <https://www.scottishfinancialnews.com/articles/pwc-cuts-fees-as-clients-demand-share-of-ai-savings#:~:text=Altman%2C%20have%20long%20predicted%20that,been%20transparent%20about%20the%20pricing>
- [5] [bmmagazine.co.uk](https://bmmagazine.co.uk/news/mckinsey-layoffs-ai-advances-consulting-jobs/#:~:text=also%20reflect%20a%20broader%20slowdown,annual%20meeting%20in%20Chicago%20in) — <https://bmmagazine.co.uk/news/mckinsey-layoffs-ai-advances-consulting-jobs/#:~:text=also%20reflect%20a%20broader%20slowdown,annual%20meeting%20in%20Chicago%20in>
- [6] [www.consultingpoint.com](https://www.consultingpoint.com/news/2025/7/3/cuts-struggles-and-breakups-how-is-ai-reshaping-the-consultancy-sector#:~:text=one%20per%20cent,sum%20game%20for%20consulting) — <https://www.consultingpoint.com/news/2025/7/3/cuts-struggles-and-breakups-how-is-ai-reshaping-the-consultancy-sector#:~:text=one%20per%20cent,sum%20game%20for%20consulting>
- [7] [www.finalroundai.com](https://www.finalroundai.com/blog/mckinsey-layoffs-few-thousand-jobs#:~:text=McKinsey%20Plans%2010,a%20moment%20shaped%20by%20rapid) — <https://www.finalroundai.com/blog/mckinsey-layoffs-few-thousand-jobs#:~:text=McKinsey%20Plans%2010,a%20moment%20shaped%20by%20rapid>
- [8] [www.finalroundai.com](https://www.finalroundai.com/blog/mckinsey-layoffs-few-thousand-jobs#:~:text=360%E2%80%93400%20people%20were%20laid%20off%2C,once%20handled%20by%20junior%20consultants) — <https://www.finalroundai.com/blog/mckinsey-layoffs-few-thousand-jobs#:~:text=360%E2%80%93400%20people%20were%20laid%20off%2C,once%20handled%20by%20junior%20consultants>
- [9] [insightpulse.liceron.in](https://insightpulse.liceron.in/article/ai-revolution-big-4-consulting-job-risk#:~:text=Industry%20experts%20and%20former%20partners,For%20instance) — <https://insightpulse.liceron.in/article/ai-revolution-big-4-consulting-job-risk#:~:text=Industry%20experts%20and%20former%20partners,For%20instance>

Redefining the Human Advantage

These disruptions boil down to one key insight: as AI becomes pervasive, the role of human experts is being reimaged, not erased. Leading voices in the industry argue that the emergence of ubiquitous AI has made human judgment and expertise more – not less – critical in professional services (www.forbes.com [1]). Generative AI can instantly produce analysis, presentations, and reports that once took dozens of junior hours, but it's people who must decide which insights truly matter, how they fit the client's context, and what actions to take next (www.forbes.com [2]). In other words, AI can often handle the 'what,' but only trusted human advisors can determine the 'why' – providing nuanced interpretation, creativity, ethical oversight, and senior-level accountability that machines cannot replicate (www.forbes.com [3]).

Yet many firms are not fully prepared to maximize this human-AI partnership. In the legal sector, over half of surveyed professionals (54%) say their firms have provided no training on the responsible use of AI, with no plans to start such programs in the near term (www.lawnext.com [4]). This skills and policy gap is increasingly a liability. To remain competitive, firms must quickly upskill their workforce in AI fluency and redesign roles to focus on the uniquely human strengths that drive value in an AI-enhanced environment. The managing partner of tomorrow may be leading teams of AI-augmented professionals, where success relies on blending data-driven insights with human wisdom. By doing so – embracing AI for efficiency while doubling down on judgment, empathy, and strategic thinking – professional service organizations can navigate the current disruption and preserve their relevance and competitive edge.

References:

- [1] [www.forbes.com — https://www.forbes.com/councils/forbestechcouncil/2026/03/30/the-future-of-work-why-human-judgment-is-paramount-in-the-ai-age/#:~:text=Infrastructure,will%20still%20do%20the%20work](https://www.forbes.com/councils/forbestechcouncil/2026/03/30/the-future-of-work-why-human-judgment-is-paramount-in-the-ai-age/#:~:text=Infrastructure,will%20still%20do%20the%20work)
- [2] [www.forbes.com — https://www.forbes.com/councils/forbestechcouncil/2026/03/30/the-future-of-work-why-human-judgment-is-paramount-in-the-ai-age/#:~:text=more%20important%20than%20ever,Working%20with%20AI%20is%20less](https://www.forbes.com/councils/forbestechcouncil/2026/03/30/the-future-of-work-why-human-judgment-is-paramount-in-the-ai-age/#:~:text=more%20important%20than%20ever,Working%20with%20AI%20is%20less)
- [3] [www.forbes.com — https://www.forbes.com/councils/forbestechcouncil/2026/03/30/the-future-of-work-why-human-judgment-is-paramount-in-the-ai-age/#:~:text=ambiguity%20when%20the%20data%20does%20n%E2%80%99t,easy%20to%20forget%20what%E2%80%99s%20actually](https://www.forbes.com/councils/forbestechcouncil/2026/03/30/the-future-of-work-why-human-judgment-is-paramount-in-the-ai-age/#:~:text=ambiguity%20when%20the%20data%20does%20n%E2%80%99t,easy%20to%20forget%20what%E2%80%99s%20actually)
- [4] [www.lawnext.com — https://www.lawnext.com/2026/03/ai-adoption-among-legal-professionals-has-more-than-doubled-in-a-year-new-8am-report-finds-but-firms-lag-far-behind-individual-practitioners.html#:~:text=25,three](https://www.lawnext.com/2026/03/ai-adoption-among-legal-professionals-has-more-than-doubled-in-a-year-new-8am-report-finds-but-firms-lag-far-behind-individual-practitioners.html#:~:text=25,three)

Key Statistics

- 40% of professional services organizations now use generative AI, nearly double the 22% from a year ago ([www.thomsonreuters.com])(https://www.thomsonreuters.com/en/reports/2026-ai-in-professional-services-report#:~:text=Mike%20Abbott%20Head%20of%20Thomson,of%20current)))).
- 52% of corporate legal departments use generative AI, up from 23% in 2024 ([news.bloomberglaw.com])(https://news.bloomberglaw.com/artificial-intelligence/in-house-lawyers-use-of-gen-ai-more-than-doubles-in-one-year#:~:text=outside%20law%20firms%2C%20according%20to,biggest%20areas%20cited%20by%20respondents)))).
- 64% of in-house counsel plan to outsource less work to law firms due to AI; 50% foresee cutting outside legal spend ([news.bloomberglaw.com])(https://news.bloomberglaw.com/artificial-intelligence/in-house-lawyers-use-of-gen-ai-more-than-doubles-in-one-year#:~:text=As%20corporate%20counsel%20become%20increasingly,their%20spending%20on%20outside%20counsel)))).
- AI improved efficiency in PwC's system integration services by ~30%, with those gains passed to clients via fee discounts ([www.scottishfinancialnews.com])(https://www.scottishfinancialnews.com/articles/pwc-cuts-fees-as-clients-demand-share-of-ai-savings#:~:text=efficiencies%20we%E2%80%99re%20achieving,%E2%80%9CThere%E2%80%99s)))).
- AI could eliminate up to 50% of jobs in Big Four audit, tax, and advisory in 3–5 years, according

to industry experts ([insightpulse.liceron.in])([#### KEY TAKEAWAY](https://insightpulse.liceron.in/article/ai-revolution-big-4-consulting-job-risk#:~:text=Industry%20experts%20and%20former%20partners,For%20instance))).</p></div><div data-bbox=)

AI's rapid advances are forcing professional service firms to reinvent their business models ([www.fastcompany.com])(<https://www.fastcompany.com/91463039/why-the-mckinsey-layoffs-are-a-warning-signal-for-consulting-in-the-ai-age-ai-layoffs-management-consulting#:~:text=plans%20to%20cut%20roughly%2010,McKinsey%20adapted%20again%20by%20expanding>)). To remain competitive, leaders must shift from selling hours to delivering tech-powered, outcome-focused services ([www.consultingpoint.com])(<https://www.consultingpoint.com/news/2025/7/3/cuts-struggles-and-breakups-how-is-ai-reshaping-the-consultancy-sector#:~:text=valuable%20to%20clients%2C%20Rodenhauser%20explained,the%20sand%20about%20the%20issues>)), refocusing on the unique human expertise that machines can't replace.

Sources

PwC's AI agents are now your consultants — whether you're ready or not

<https://thenewstack.io/pwcs-ai-agents-are-now-your-consultants-whether-youre-ready-or-not/>

KPMG Launches KPMG Workbench: A Multi-Agent AI Platform, Transforming Client Delivery and Ways of Working Across the Global Organization

<https://www.nasdaq.com/press-release/kpmg-launches-kpmg-workbench-multi-agent-ai-platform-transforming-client-delivery-and>

IBM Consulting Expands AI Capabilities to Accelerate Enterprise Transformation

<https://newsroom.ibm.com/2026-05-06-ibm-consulting-expands-ai-capabilities-to-accelerate-enterprise-transformation>

In-House Lawyers' Use of Gen AI More Than Doubles in One Year

<https://news.bloomberglaw.com/artificial-intelligence/in-house-lawyers-use-of-gen-ai-more-than-doubles-in-one-year>

2026 AI in Professional Services Report – Thomson Reuters Institute

<https://www.thomsonreuters.com/en/reports/2026-ai-in-professional-services-report>

PwC cuts fees as clients demand share of AI savings

<https://www.scottishfinancialnews.com/articles/pwc-cuts-fees-as-clients-demand-share-of-ai-savings>

Cuts, struggles and breakups: How is AI reshaping the consultancy sector?

<https://www.consultingpoint.com/news/2025/7/3/cuts-struggles-and-breakups-how-is-ai-reshaping-the-consultancy-sector>

McKinsey Plans 10% Layoffs Affecting Thousands Because of AI

<https://www.finalroundai.com/blog/mckinsey-layoffs-few-thousand-jobs>

The Future Of Work: Why Human Judgment Is Paramount In The AI Age

<https://www.forbes.com/sites/forbestechcouncil/2026/03/30/the-future-of-work-why-human-judgment-is-paramount-in-the-ai-age/>

Why the McKinsey layoffs are a warning signal for consulting in the AI age

<https://www.fastcompany.com/91463039/why-the-mckinsey-layoffs-are-a-warning-signal-for-consulting-in-the-ai-age-ai-layoffs-management-consulting>

