LUMO INSIGHTS

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Professional Services Under AI Siege – Disrupted from Inside and Out

Executive Summary

AI is closing in on the consulting, legal, and accounting world from every direction. In the past 48 hours, major firms and tech players alike have unveiled moves that upend the old models of how expert advice is sold. The race is on for traditional partners to redefine their value amid an onslaught of new tools and competitors.

AI Takes Over Routine Work

Generative AI is now able to handle a surprising range of tasks long done by expensive human experts. These systems can churn through data and produce first-draft analyses in minutes, compressing processes that once required teams of junior staff weeks of work (www.metaintro.com [1]). From scouring legal case law to building financial models, AI is increasingly performing the tedious "grunt work" that underpins consulting, legal research, and audit preparation.

This week brought fresh proof: AI firm Anthropic launched a dozen new legal-focused tools that plug its Claude assistant into everyday law firm workflows (www.edgen.tech [2]). These advanced plugins integrate with platforms like DocuSign and Thomson Reuters' software and can do everything from reviewing contracts to triaging NDAs (decrypt.co [3]) – precisely the high-volume, process-driven work that junior attorneys or paralegals traditionally handled. In accounting and finance, next-gen AI systems are similarly accelerating tasks such as transaction analysis and due diligence, raising the bar for what speed and efficiency clients expect.

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Big Firms Double Down on AI

For incumbent firms, AI is no longer a side experiment – it’s a strategic priority. In the past few days, elite professional service providers have made bold moves to weave AI deeper into their organizations. Magic Circle law firm Linklaters announced the launch of 'Applied Intelligence,' a dedicated team of lawyers and data scientists tasked with developing bespoke AI-enabled legal solutions for complex, high-stakes client matters (www.linklaters.com [1]). Across the Atlantic, global law firm K&L Gates appointed its first-ever Global AI and Innovation Partner to lead firm-wide AI strategy and governance, formalizing AI as a core part of its business model (www.klgates.com [2]).

The Big Four and top consultancies are likewise retooling. All of the Big Four – Deloitte, PwC, EY, and KPMG – have introduced their own AI assistants for employees over the last 18 months, while quietly trimming back-office and support roles in parallel as automation takes hold (www.metaintro.com [3]). These firms are beginning to confront the "billable hour paradox" head-on, exploring alternative delivery models. PwC, for example, has started embedding managed services into its offerings (spanning entire business processes rather than one-off projects), which allows it to charge outcome-based fees instead of hourly rates (www.cityam.com [4]).

Early results from AI investments are encouraging. EY recently reported a 30% jump in AI-related consulting revenues for its 2025 fiscal year (finance.yahoo.com [5]), crediting demand for enterprise AI transformations and products. The firm says it's spending over $1 /billion annually on AI initiatives and has deployed more than 1,000 AI "agents" and 100+ internal AI applications to boost productivity (finance.yahoo.com [6]). For traditional partnerships, proactively adopting AI – and redesigning their services and pricing around it – is increasingly seen as the key to surviving and thriving.

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New AI Entrants Shake Up Services

While established firms race to adapt, a new breed of AI-native service providers is emerging at lightning speed. In the legal arena, startup Harvey – founded in 2022 with backing from the creators of ChatGPT – recently raised $200 /million in funding at an $11 /billion valuation (www.cnbc.com [1]). Harvey's generative AI platform, built on OpenAI's models, promises to handle tasks like contract analysis, regulatory compliance checks, and due diligence far more efficiently than traditional teams of associates, which has helped it rocket to an estimated $190 /million in annual recurring revenue within just a few years (www.cnbc.com [2]) (www.cnbc.com [3]). Hot on its heels, rival platform Legora closed a fresh $600 /million Series /D round (bringing its valuation to $5.6 /billion) with heavyweights like Nvidia and Atlassian joining in (ventureburn.com [4]). Legora's agent-based legal operating system has already surpassed $100 /million in yearly recurring revenue and is credited with saving law firms an average of 4.3 hours of non-billable work per lawyer each week (techfundingnews.com [5]).

Not to be outdone, technology companies themselves are stepping directly into the space once dominated by consultants and advisors. On May 11, OpenAI – the firm behind ChatGPT – announced a new subsidiary backed by $4 /billion to help large enterprises implement AI solutions (techjournal.org [6]). The so-called OpenAI Deployment Company (or "DeployCo") will deploy teams of elite engineers, known as Forward Deployed Engineers, to work inside corporations and rebuild their processes around AI (openai.com [7]). In effect, one of the world's leading AI labs is now operating its own consulting firm without the slide decks – an existential challenge to traditional consultancies that long served as intermediaries between tech and business (techjournal.org [8]).

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Clients Raise the Bar with In House AI

The flip side of these disruptions is that corporate clients are increasingly able to solve problems themselves with AI, diminishing their dependence on outside advisors. According to a Gartner survey, 55% of CFOs in early 2026 identified building internal AI and digital talent as their single biggest near-term priority (ctmfile.com [1]). Senior finance leaders are focusing on upskilling teams and developing in-house AI capabilities, which suggests future transformation projects may be led from within rather than outsourced.

Meanwhile, clients clearly expect more from the external firms they do engage. Nearly two-thirds of corporate legal and consulting buyers now want their outside firms to use AI in service delivery (www.thomsonreuters.com [2]), even if only a small fraction have begun explicitly requiring it. In practice, this means the age of unknowingly paying for armies of junior staff to grind through due diligence or research is coming to an end. With S&P 500 companies already cutting white-collar jobs to invest in AI systems (www.msn.com [3]), the message to traditional firms is clear: bring more value – through faster results, AI-enabled efficiency, and true expertise – or risk being left on the sidelines.

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Redefining the Human Edge

All these fast-moving changes raise a crucial question: what is the role of expert human judgment in a world where AI handles so much knowledge work? The answer, according to industry thinkers, is that human expertise is more essential than ever – but its focus will shift. Even the most advanced AI cannot reliably separate brilliant strategies from mediocre ones or guide organizations through ambiguity and ethical dilemmas (www.hbs.edu [1]). In domains like law, consulting, and accounting, success often hinges on context, creativity, and trust, which remain uniquely human capabilities.

For professional service leaders, preserving relevance means doubling down on these human strengths while leveraging AI for what it does best. Emotional intelligence, ethical judgment, and strategic insight are not easily automatable and will become bigger differentiators in client relationships (blogs.lse.ac.uk [2]). The firms that flourish will be those that pair intelligent machines with wise humans – using AI to dramatically improve efficiency and insight, but relying on seasoned professionals to provide the vision, empathy, and decision-making that truly drive impact.

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Key Statistics

- Generative AI adoption has nearly doubled – 40% of professionals say their organizations now use GenAI, up from 22% a year ago ([www.thomsonreuters.com](https://www.thomsonreuters.com/en/reports/2026-ai-in-professional-services-report#:~:text=Mike%20Abbott%20Head%20of%20Thomson,expect%20agentic)).
- Legal industry tech spending surged 9.7% in 2025 (a record high) ([legal.thomsonreuters.com](https://legal.thomsonreuters.com/blog/the-2000-hour-problem-when-ai-efficiency-collides-with-billable-time-tri/#:~:text=spending%20by%20an%20unprecedented%209.7,billable%20hours%20arrangements%20unchanged%20since)), yet ~90% of law firm revenues still come from billable hours (a model virtually unchanged since the 1950s) ([legal.thomsonreuters.com](https://legal.thomsonreuters.com/blog/the-2000-hour-problem-when-ai-efficiency-collides-with-billable-time-tri/#:~:text=recorded%2C%20racing%20to%20deploy%20AI,point%20where%20firms%20can%20leverage)).
- 55% of CFOs surveyed in early 2026 identified acquiring and developing AI/digital talent as their most urgent priority for the next 6 months ([ctmfile.com](https://ctmfile.com/story/55-of-cfos-cite-ai-talent-as-top-challenge-weekly-roundup-24-march#:~:text=conducted%20between%20January%20and%20February,and)).
- AI-focused legal startup Harvey raised $200 /million in funding at an $11 /billion valuation in 2026 ([www.cnbc.com](https://www.cnbc.com/2026/03/25/legal-ai-startup-harvey-raises-200-million-at-11-billion-valuation.html#:~:text=announced%20it%20raised%20%24200%20million,industries%20are%20able%20to%20get)).
- Legal AI platform Legora has surpassed $100 /million in annual recurring revenue and helps law firms save ~4.3 non-billable hours per lawyer per week on average ([techfundingnews.com](https://techfundingnews.com/legora-600m-series-d-nvidia-atlassian-legal-ai-5-6b-valuation/#:~:text=%24100%20million%20in%20annual%20recurring,Harvey%2C%20backed%20by%20a16z%20and)).

KEY TAKEAWAY

AI is commoditizing traditional consulting and legal work ([www.metaintro.com](https://www.metaintro.com/blog/mckinsey-layoffs-2026-ai-white-collar-consulting#:~:text=for%20the%20output,The%20math%20is)), eroding the old billable-hour model ([legal.thomsonreuters.com](https://legal.thomsonreuters.com/blog/the-2000-hour-problem-when-ai-efficiency-collides-with-billable-time-tri/#:~:text=recorded%2C%20racing%20to%20deploy%20AI,point%20where%20firms%20can%20leverage)). Senior leaders must embed AI in their operations, shift to outcome-focused pricing, and double down on the human judgment that machines can’t match.

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