

Snapshot Brief

**A Buyer's View of AI Disruption
Across Every Firm You Pay for Advice**

**A sample briefing from Halpern Algorithms.
Read it on the train.
Acted on it by Friday.**

Bottom Line

The Thomson Reuters “Law Firm Rates Report 2026” found that regardless of how aggressively firms “discount”, they are still collecting roughly the same amount per hour as before AI deployment. Deloitte refunded a government client after AI-generated hallucinations appeared in a partner-signed report. KPMG has cut UK graduate intake by 29%.

AI has reset production economics across legal, consulting, audit and marketing faster than engagement models, governance frameworks or procurement practices have adapted.

Your advisor panel is already operating on a different cost structure than the one you are paying for. Most of the savings remain trapped inside your advisors’ firms, not in your P&L.

Six non-obvious findings about the firms on your panel

1. You are still being billed on labour economics that no longer exist

The hourly model rested on one assumption: time spent equalled value created. AI has broken that assumption.

What you actually want from your advisor is premium judgement – the Partner who has seen this deal before and knows where it will break. That part still takes a human.

Everything else has been compressed. The precedent search that took an associate three days now takes ninety seconds. The first draft that occupied a junior team for a week is produced overnight. The amount of labour has collapsed. The rate card has not moved.

Premium judgement and AI-enabled production are now different businesses with fundamentally different economics – and you are probably buying both, from the same advisor, at the same rate card.

So What?

If your rate card still treats judgement and production as the same activity, your advisor is keeping the productivity gain and sending you the old invoice. You are subsidising their margin expansion line by line. The discount you negotiated last year has already been swallowed by the efficiency you never saw.

Buyers should be forcing three line items onto every rate card: human judgement, AI-assisted production, and automated delivery. Each priced separately. Each negotiated separately. The market benchmark will reset around them – and the firms now resisting hardest are the ones protecting the biggest hidden margin. Be one of the buyers setting that benchmark.

2. Every advisor engagement is training systems you do not own

For decades, your strategic thinking lived in the heads of senior partners – the premium judgement you paid full rate to retain.

Now it is being encoded into your advisors' AI systems. Trained on your matters. Your precedents. Your negotiating positions. Your deal history. Your mistakes. A model that learns from your business, owned by the firm billing you for the privilege.

Linklaters' "Laila" processes 60,000 prompts a week. A&O Shearman has logged more than 40,000 queries. Clifford Chance has deployed Copilot firm-wide. Every prompt is a training signal. The corpus those systems learn from is the asset. You generated it. They own it. Your engagement letter almost certainly does not say otherwise.

The firm with the deepest corpus on your business becomes structurally harder to fire. Soon they will know your operating history better than your own teams.

So What?

Every matter you send your advisors pays them a second invoice: in data.

Most engagement letters say almost nothing about extraction rights, model training rights or data portability on exit. That is no longer a legal footnote. It is a board-level procurement risk.

3. The succession problem your advisors are creating

KPMG has cut UK graduate intake by 29%. Deloitte by 18%. PwC US plans further reductions. The junior pyramid that produced your last decade of advice is being dismantled in front of you.

The work those juniors used to do is now done by AI. That is not your problem. The partners those juniors would become are your problem.

You pay a premium rate for talent – but the talent you actually buy is organisational knowledge, accumulated case by case, partner by partner, decade by decade. AI does not produce that. Juniors becoming seniors do. Stop hiring juniors and the knowledge pipeline that justifies your premium rate stops with them.

You are not buying advice today. You are buying a supply of judgement over the next decade. Every incumbent that cuts intake without investing in how it builds senior knowledge is not saving you money. It is compounding the risk you are paying to avoid.

So What?

Every firm on your panel is selling you a senior bench they have stopped building. The advisors who land your most sensitive matters in 2034 are the associates being hired – or not hired – today.

Put one question into every panel review: show us how you are investing in organisational knowledge without the junior pyramid. The firms with no answer are billing you premium rates for a knowledge base they are running down. The firms with an answer are the only ones worth a ten-year relationship.

4. Scale used to be a moat. AI has turned it into drag

For decades, buyers equated scale with safety. That assumption is collapsing. Former EY UK chair Hywel Ball has publicly acknowledged that smaller firms are moving faster. Mid-market challengers and specialist boutiques are shipping AI-built work in weeks while incumbents are still restructuring around it. The Big Four are writing the internal memo.

Gartner estimates enterprise consulting fees are three to five times boutique rates for comparable scope. The result: a benchmark set of firms all moving at the same slow speed – and a procurement market pretending that comparing them to each other counts as competitive tension. The challengers your incumbents fear are not on your shortlist. That is the only reason your incumbents are still on it.

So What?

Your 2026 panel review is not diligence if every firm on it was on it in 2024. Put one challenger into every category this year – or accept the review is a renewal letter with extra steps.

5. The greatest unpriced risk on your panel is quality failure – and it will arrive faster than governance

The next major advisory scandal will not begin with fraud. Deloitte has already paid: a A\$440,000 government report, signed off at partner level, contained around 20 fabricated citations – including an invented quote from a Federal Court judgment.

It will begin with unchecked AI-assisted work signed off at partner level. And it will land in your board packs, your regulatory filings, your M&A disclosure schedules and your litigation bundles before anyone realises it was machine-generated.

So What?

Any advisor unable to evidence – in writing – the separation between AI deployment, AI governance, human validation and audit traceability is an unpriced liability sitting on your panel today.

6. AI assurance will become one of the fastest-growing advisory markets – and one of the easiest to mis-sell

The advisor business is splitting in two: premium judgement and AI-enabled production. A third leg is now forming on top of them – AI assurance. Someone has to certify the production is safe to use, and a new market is racing to claim that role. Deloitte has called it “critical to adoption”. PwC is building a dedicated practice. Two forces are driving it: the EU AI Act creating a compliance floor, and the first public failures setting a credibility ceiling. Deloitte’s Australian refund over hallucinated citations was not an isolated embarrassment. It was the warning shot.

And here is the structural problem the market is about to discover. The firm that built the system cannot credibly audit it. The same partners who sold you the deployment will be pitching to assure it – reviewing their own work, scoring their own homework, certifying the controls they helped design.

Within 18 months, most major enterprises will be pitched some form of AI assurance engagement. That window is set by the EU AI Act: high-risk obligations come into force either on the original August 2026 timeline or, if the Digital Omnibus is adopted, the proposed December 2027 backstop.

So What?

Buy assurance from the firm that built the system and you have not transferred the risk. You have laundered it. When the regulator arrives, the auditor cannot testify against the deployer without indicting the firm that pays both their salaries. When the model fails, the report exonerating it was written by the team that trained it. The liability you thought you outsourced is sitting back in your board pack – with a clean opinion attached and your signature underneath.

What this all means for you

Over the next 24 months, the largest transfer of bargaining power in modern professional services will play out across your panel.

Procurement arbitrage is opening. The firms moving fastest are not on most panels. The buyers who place them into even one category will pay

materially less for materially faster work – and watch their incumbents suddenly discover urgency.

The advisory market is bifurcating. Premium-judgement houses and AI production factories are different businesses with different economics, different talent models and different defensibility. Buying both from the same firm at the same rate may become one of the defining procurement errors of the next decade.

Independent AI assurance is moving from a compliance exercise to one of the most important controls protecting the enterprise – because the firms building the systems cannot credibly audit them, and regulators are unlikely to accept that they tried.

The firms that move first will define the new terms. The buyers who move first will set them. Everyone else will inherit a market shaped by the people who acted in 2026.

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About this briefing

This is a sample of the on-demand strategic intelligence Halpern Algorithms produces for corporate clients. One analyst, one question, a defensible opinion on paper before the decision window closes.

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