

Scarcity to Abundance

Professional services at a turning point

Capturing value in the AI transformation of professional services

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Executive Summary

Four structural shifts, already underway, will reshape how value is created and captured in professional services over the next decade.

There is a vigorous debate going on in the industry today about how dramatically AI will reshape the future of professional services. On one side, there is a sense of urgency from those who see an imminent disruption of white-collar jobs. For example, Anthropic's CEO Dario Amodei has predicted that AI could wipe out up to half of entry-level white-collar work over the next one to five years. The other side holds a more measured prediction of gradual change, constrained by the limits of what AI models can actually do, the inertia of transforming a human-capital-based business, and the pace of acceptance of AI by clients, practitioners, and regulators.

There are strong arguments on both sides, and elements of each will play out across the professional services landscape depending on the firm, sector, and pace of AI adoption. What's not disputed is the inevitability of the transformation of professional services. It will happen. It has already started. Several structural shifts are underway that have significant implications for how leaders and investors should think about the future of this industry.

01 Scarcity to Abundance

The core value proposition for professional services is changing. Domain intelligence has been valuable because it was scarce; AI is making it abundant, accessible, and easier to embed directly into client operations.

02 Asymmetric Advantage

AI structurally favors high-growth firms over established incumbents that have a dominant position based on their scale and infrastructure. Smaller, more agile firms can capture more of the upside from the scalability, speed, and productivity dividends that AI provides, while incumbents will have to overcome the AI version of the innovator's dilemma.

03 Investment Opportunity

The AI disruption of professional services presents a rare opening for firms with access to capital and resources to acquire and unlock trapped value from legacy businesses and realize it at AI-native multiples.

04 Transformation > Optimization

Going AI-native should not be treated as a technology implementation; it must be a complete operating model transformation, requiring the leadership, operational expertise, and strategic commitment to see it through.

The transformation of professional services by AI is inevitable, and the pace of disruption will not be set by the incumbents. It will be driven by the firms that embrace the opportunity to be the disruptors rather than the firms that opt to defend an increasingly vulnerable business model.

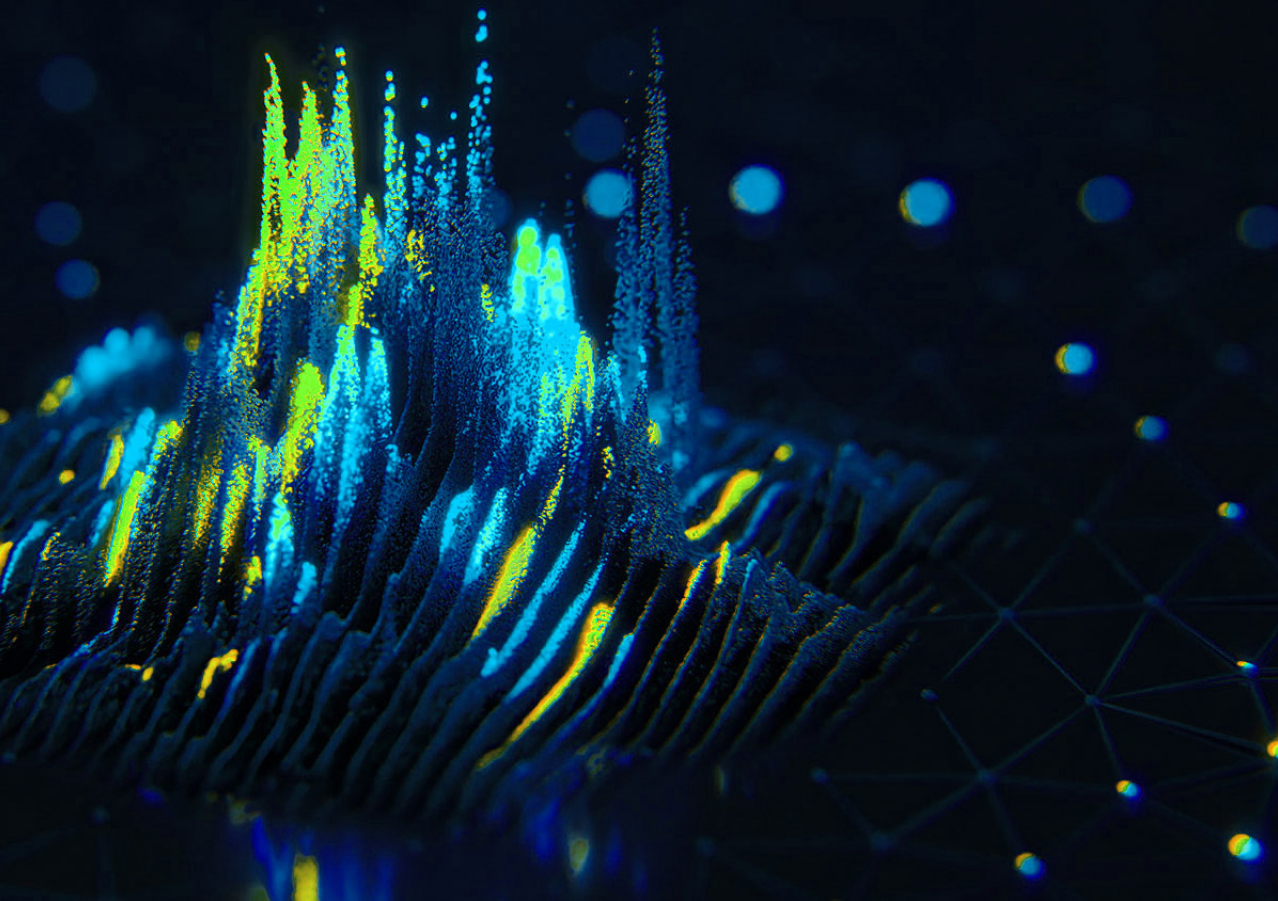
AI will not replace professional services firms. Firms that use AI to serve clients better, faster, and cheaper will.

01

Scarcity to Abundance

The core value proposition for professional services is changing.

The professional services industry was built on a simple economic premise: domain intelligence is scarce and valuable. It takes years to develop, is expensive to maintain, and is difficult to distribute at scale. That scarcity justified premium pricing, supply-constrained economics measured on utilization, and a delivery model designed to distribute expertise through smart, well-trained professionals who can be easily deployed alongside clients.



AI is changing both sides of the scarcity equation.

The cost of generating competent analysis, research, and structured reasoning is falling. At the same time, clients are developing the ability to embed domain intelligence directly into their operations, rather than engaging outside advisors to apply it periodically. The core value proposition of professional services, built around the scarcity of that intelligence, is under direct pressure. What was once scarce is becoming abundant.

Counterintuitively, as the cost of distributing and applying domain intelligence falls, the value of proprietary knowledge and the ability to package it into scalable products goes up, not down. Whether that knowledge is created, acquired, or curated, the dynamic is the same.

The music industry went through this kind of shift first. Around 2010, Spotify and other streaming services reduced the cost of music distribution to near zero. The value of physical distribution collapsed, but the value of the content itself (particularly the rights to master recordings) actually increased. As AI compresses the labor and distribution layers of delivery for business insight, professional services firms will need to focus increasingly on generating, owning, and packaging proprietary domain intelligence, in a pattern that echoes what happened in music.

ANALOGY · THE MUSIC INDUSTRY

The Spotifification of Professional Services

When streaming reduced the marginal cost of music distribution to near zero, it did not reduce the value of music. It collapsed the value chain of the infrastructure built to distribute it: record store chains, physical media manufacturing, warehousing and logistics, regional marketing and promotion networks. In the physical era, every layer of that chain extracted margin. By the time a \$15 CD reached the consumer, the creator might see \$1 to \$2. Streaming eliminated the cost structure that justified those intermediaries. Overall industry revenue dipped for a period, but much of that decline reflected distribution costs that were no longer necessary. More of every dollar flowed to the creators, and the value of the content itself increased. **Content, not distribution, became the capital asset.**

The market has since priced that shift explicitly. Sony paid \$1.27 billion for Queen's catalog in 2024, the largest single-catalog deal in history. The combined value of the Beatles' publishing and masters, which Michael Jackson acquired for \$47.5 million in 1985, now exceeds \$2 billion. Bob Dylan sold his publishing and masters in two deals totaling roughly \$500 million. Taylor Swift paid \$360 million to buy back her original masters in 2025, betting that ownership of the content was the most valuable position.

A generation ago, the billionaires in music owned labels and retail chains. Today they are increasingly the creators themselves:

Jay-Z

\$2.5B

Taylor Swift

\$1.6B

Rihanna

\$1.4B

Value once flowed to distribution. Today it flows to the creators.

The parallels to professional services are closer than they might first appear. The industry's distribution infrastructure looks different but serves the same function: training programs, staffing pyramids, methodology frameworks, knowledge management systems, regional office networks, and the partnership structures that own and govern it. Much of this infrastructure exists to maintain quality through successive layers of human review, a necessity when domain intelligence is delivered through a people-based model. But every layer adds cost between domain expertise and the client. AI is compressing that knowledge distribution value chain the same way streaming compressed the music distribution value chain: not by eliminating the value of expertise, but by collapsing the cost of the infrastructure built to deliver it. As general-purpose AI makes commodity analysis abundant, proprietary domain knowledge and authoritative expertise remain scarce, and more valuable as a result. The question is not whether expertise still matters but how it is monetized in a market AI has expanded.

AI does not diminish the value of proprietary domain intelligence. It increases it, by expanding the market of people and organizations that can access and apply it.

Knowledge Labor to Knowledge Capital

In the traditional model for professional services, value creation is labor-based: domain expertise is recruited, trained, billed by the hour, and expensed. In an AI-native model, value creation is capital-based: domain expertise is codified, embedded in products, licensed to clients, and scaled without proportional headcount growth. It generates recurring revenue that looks nothing like the time-and-materials engagements that built the industry.

AI expands the commercialization options for domain expertise but requires alternative pricing and delivery models. The good news is that the same underlying expertise that is currently developed and refined for traditional consulting engagements can be commercialized across five distinct models concurrently, each with different economics and a higher degree of leverage:

TIER I	TIME & MATERIALS ADVISORY Traditional consulting engagements, billed by the hour. The historical core of the industry — and where most firms still operate today.
TIER II	FIXED-FEE & OUTCOME-BASED ENGAGEMENTS Pricing tied to scoped deliverables or outcomes. Decouples revenue from hours and rewards efficiency gains from AI.
TIER III	MANAGED SERVICES Continuous, embedded delivery of a defined function. Recurring revenue, predictable margins, deeper client integration.
TIER IV	SUBSCRIPTION PRODUCTS Codified expertise packaged as software or data products. Scales without proportional headcount; classic SaaS economics.
TIER V	LICENSING & ROYALTIES Proprietary methodology, datasets, or models licensed to others. The highest-leverage commercialization of knowledge capital.

Most firms today operate mainly at the first tier. The opportunity is to build across all five, letting the same knowledge base generate value at every level of the stack. The revenue model shifts accordingly, from time-and-materials to managed services, subscriptions, and royalties, with each step up producing more durable and more scalable economics.

The valuation implications are clear and attractive. Labor-based PS businesses trade at single-digit multiples; capital-based businesses with embedded IP and recurring revenue trade at multiples several times higher. The same underlying expertise commands materially different valuations depending on how it is commercialized.

From Episodic Advisory to Embedded Delivery

The shift from scarcity to abundance isn't just about pricing and commercial models. It will also change the nature of the client relationship. Traditional professional services is episodic: a client has a problem, engages a firm, receives a deliverable, and the engagement ends. Firms maintain a bench of experts on call for clients whose needs are periodic, but not constant enough to justify hiring in-house.

AI-native models will eventually deliver intelligence continuously, embedded directly in the client's operations and updated as conditions change. Signals can be monitored depending on the domain or function: regulatory changes, market dynamics, geopolitical events, litigation outcomes, security incidents, and other developments that bear on the client's business. Behind the model is a team of domain experts who interpret and curate the signals and stand behind the analysis.

The relationship moves from transactional to persistent, and the economics move from project-based to recurring. Continuous delivery also enables smaller, iterative engagements that course correct as conditions change, reducing risk and cost while creating more options for both the firm and the client.

This has implications for how firms value and incentivize their people. When the most important asset a practitioner produces is not billable hours but scalable knowledge products, the compensation model needs to reflect that. Firms that begin aligning incentives to reward knowledge capital creation will be better positioned for the transition. This will be a significant organizational challenge, which we address more fully in Section 04: Transformation > Optimization.



The future of professional services is not selling answers.
It is embedding continuous intelligence.

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Three decades at the highest levels of global professional services. Most recently EY's Global Business Enablement AI and Innovation Leader and Senior Partner, leading enterprise-wide AI transformation across 400,000 people in 150+ countries. Former Americas Chief Innovation Officer at EY and founder of EY InnVenture.

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Former Senior Vice Chair of Ernst & Young. Has more than three decades of experience leading financial and professional services organizations through strategic growth and transformation, particularly in environments shaped by rapid technological advancement and evolving client expectations. Works closely with BRG's leadership team to guide the firm's strategic direction and support its long-term growth objectives.

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Our top-tier professionals include specialist consultants, industry experts, renowned academics, and leading-edge data scientists. Together, they bring a diversity of proven real-world experience to economics, disputes, and investigations; corporate finance; and performance improvement services that address the most complex challenges for organizations across the globe.

Our unique structure nurtures the interdisciplinary relationships that give us the edge, laying the groundwork for more informed insights and more original, incisive thinking from diverse perspectives that, when paired with our global reach and resources, make us uniquely capable to address our clients' challenges.

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