# Scarcity to Abundance

## Professional services at a turning point

### Capturing value in the AI transformation of professional services

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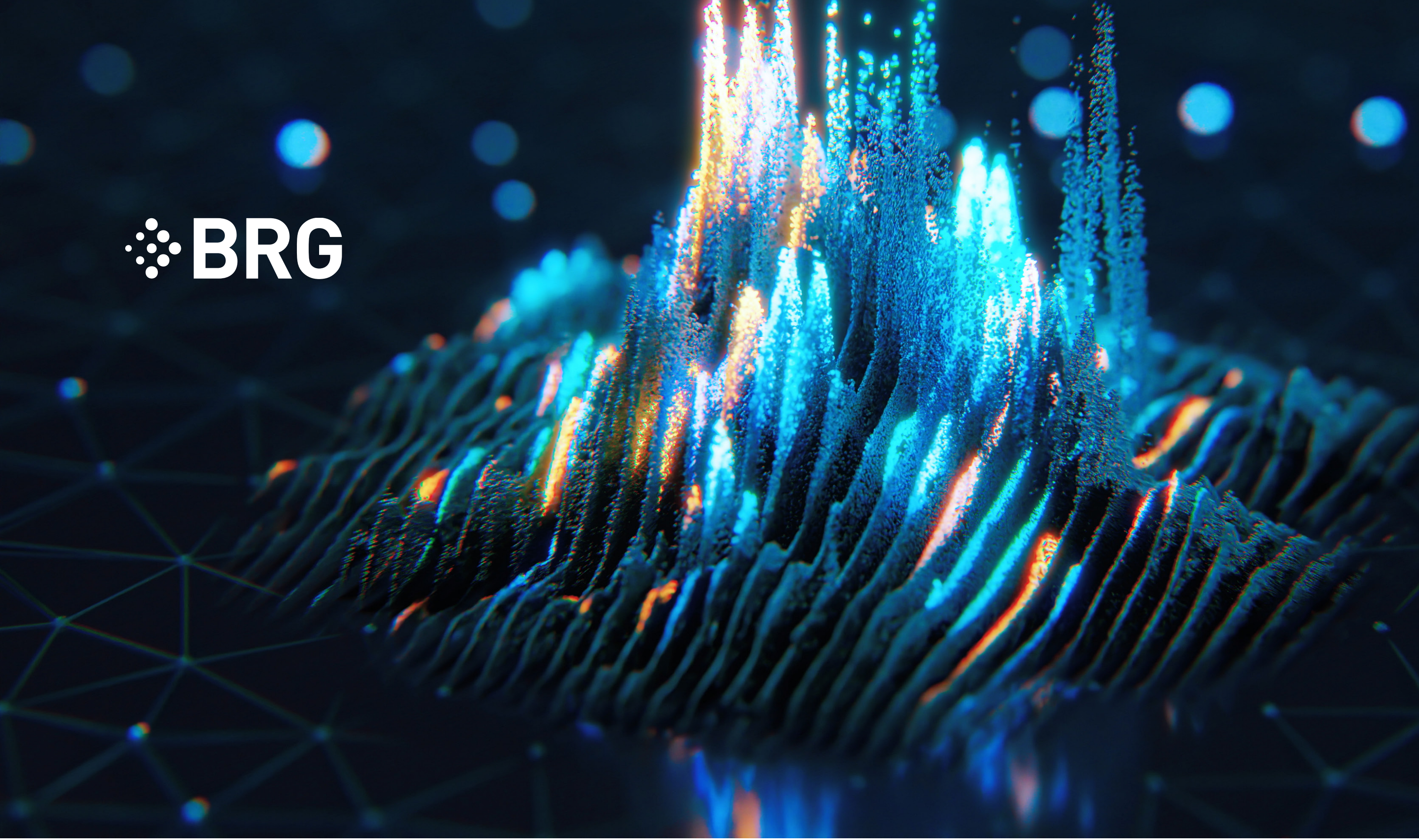

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# Executive Summary

## 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.

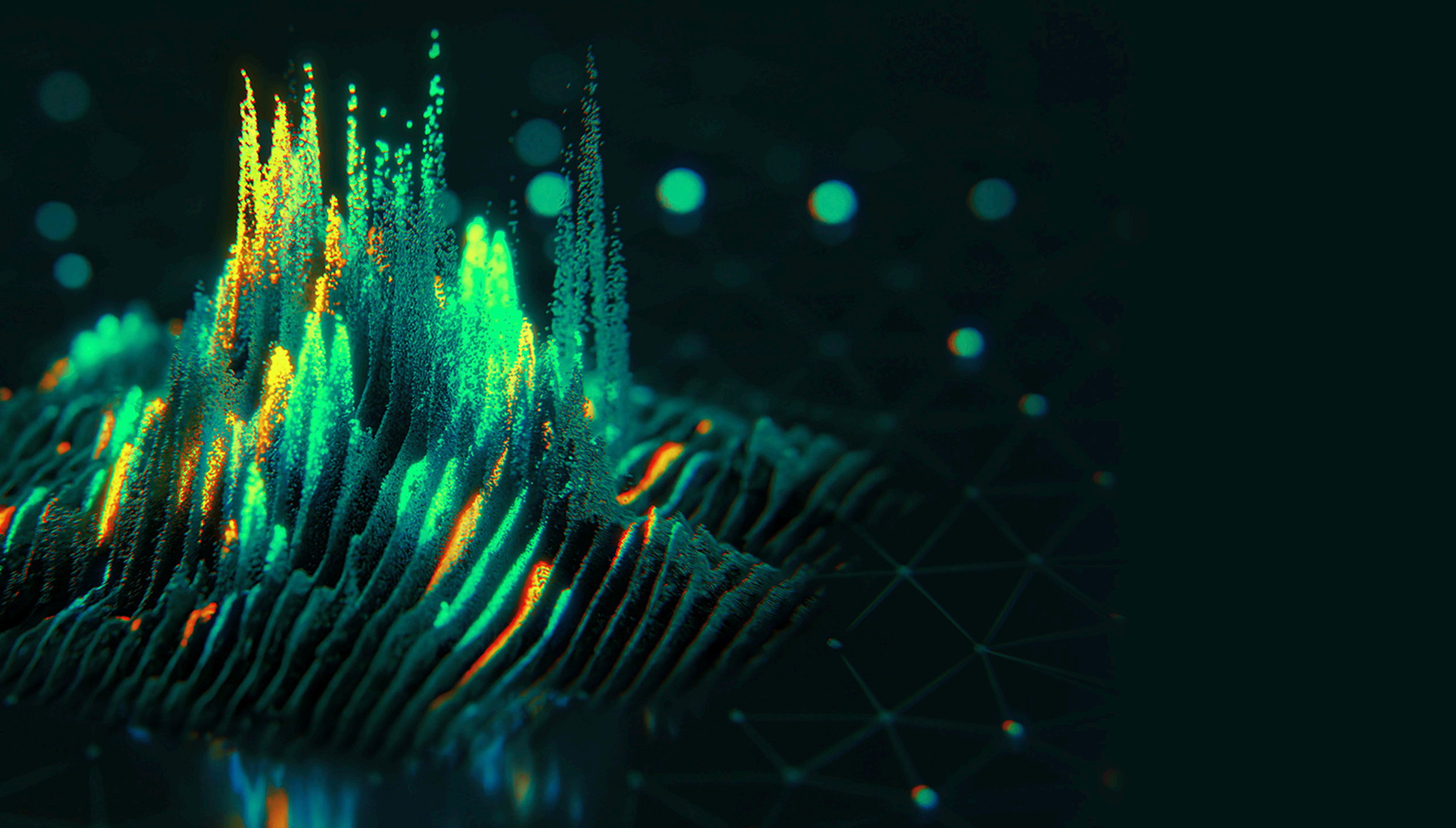
> AI will not replace professional services firms. Firms that use AI to serve clients better, faster, and cheaper will.

03

# Investment Opportunity

## Acquiring trapped value and realizing it at AI-native multiples.

The structural shifts described in the previous sections create a specific and time-limited investment thesis. Professional services firms that were built for a labor-based delivery model are carrying assets (domain expertise, client relationships, proprietary data, regulatory knowledge) significantly undervalued on legacy economics. The opportunity is to acquire those assets, transform the operating model around them, and realize them at the multiples that AI-native businesses command.



# This is not a generic disruption play.

The professional services industry has specific characteristics that make it unusually fertile ground for value creation through acquisition and transformation: fragmented markets, high knowledge density, recurring client relationships, and operating models that have been essentially unchanged for decades. The approach has clear precedent in technology, where acqui-hires routinely command valuations that reflect implicit knowledge and institutional relationships rather than operational efficiencies. The AI transition is creating a window where the gap between current valuation (based on legacy economics) and potential valuation (based on AI-native economics) is at its widest.

# Three distinct strategies can capture this opportunity.

## 01 Divestiture Sourcing

Large incumbents cannot transform every business unit simultaneously. They will prioritize the practices closest to their core and divest the rest. Many divested units will carry real assets: deep domain expertise, established client relationships, proprietary methodologies, and regulatory knowledge that took decades to build. But they will be priced on legacy models because the incumbent either could not or chose not to invest in transforming them.

This is the classic dislocation opportunity: valuable assets changing hands at depressed prices because the seller's context has changed, not because the underlying value has diminished. The buyer that can re-platform these practices on AI-native delivery stands to capture the spread between legacy valuation and transformed economics.

## 02 Platform Building Through Roll-Up

The professional services landscape is populated with niche specialty firms that possess exactly the assets an AI-native platform needs: deep domain knowledge, proprietary data sets, and defensible market access. Individually, these firms are too small to build the technology infrastructure required for AI-native delivery. Collectively, assembled onto a shared platform, they become something considerably more valuable.

The roll-up strategy here is not the traditional professional services consolidation play of buying revenue and cutting overhead. It is a platform play: assembling complementary domain expertise into a coherent AI-native operating model where the combined knowledge base generates value that no individual firm could produce alone. Cross-fertilization across disciplines compounds this with insights and methodologies from one practice informing and enhancing another. The technology platform provides shared infrastructure for knowledge codification, AI-augmented delivery, and product development. The acquired firms provide the domain intelligence that gives the platform its competitive moat.

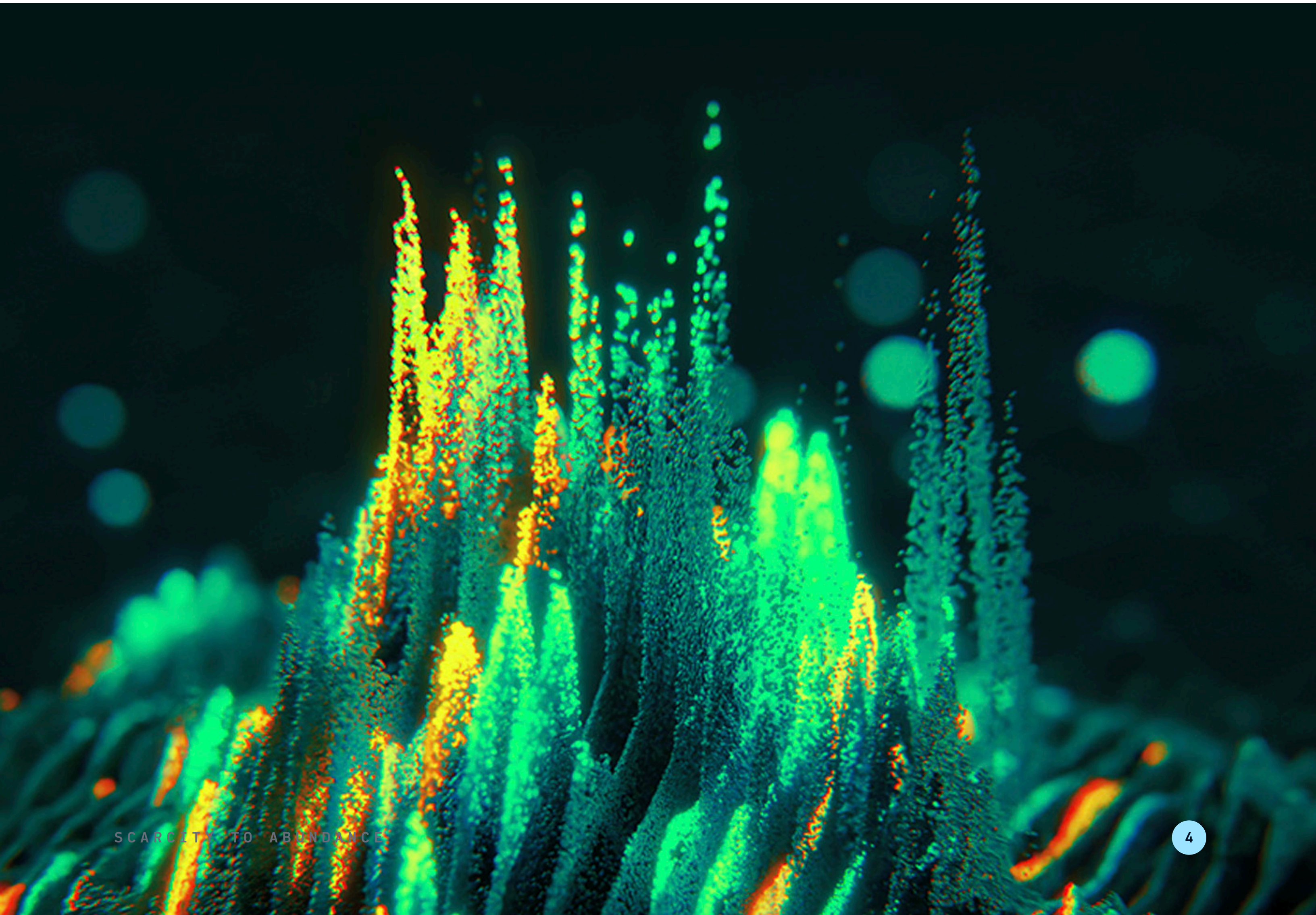
> The roll-up thesis is not about buying revenue but assembling knowledge capital onto a platform that can compound it.

### 03 Transformation Capital for the Middle Market

The third opportunity sits in the middle market: firms in the $500 million to $5 billion range that understand the direction of travel but lack the capital and operational expertise to execute the transformation. These firms are large enough to have genuine domain assets and established client bases but not so large that organizational inertia makes transformation impractical.

These firms need not just capital but transformation capital: investment paired with the operational expertise to execute a fundamental shift in operating model, commercialization strategy, and organizational design. The investor that can provide both the capital and the transformation playbook holds a significant advantage. The returns come not from financial engineering but from the genuine economic transformation described throughout this paper: converting labor-based delivery to knowledge-capital economics and realizing the resulting change in valuation multiples.

Across all three strategies, the underlying logic is the same: the AI transition is repricing professional services assets, and the window to acquire them at legacy valuations is finite. The firms and investors that move during this window will set the terms for the next era of the industry.



## ABOUT THE AUTHOR

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More than thirty years of experience leading technology, innovation, and business transformation for global financial institutions and multinational enterprises. He advises boards of directors, chief executives, and technology and operations leaders on enterprise strategy, modernization, and new operating models with a focus on implementation and measurable results.

## ABOUT THE CONTRIBUTOR

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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.