Spaik

The State of AI in Consulting

2026

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Key findings

What changed in 2026

01

New entrants

Strategy firms now face competition on three fronts at once (AI labs, tech scale-ups like Palantir, and lean AI-native startups), and in several cases their own AI suppliers and partners are becoming rivals.

02

Firm structure and the junior tier

AI is hitting hardest at the bottom of the pyramid, and three competing shapes (diamond, obelisk, hourglass) are emerging to replace it, each thinning the junior base and rewarding technical and governance skills.

03

Revenue, billing, and pay

AI is taking a fast-growing share of firm revenue while pushing clients toward outcome-based fees, which weakens the billable-hours model.

04

From chatbots to agents

The major firms have made agents standard equipment, the early payoff is measurable time saved, and the test is shifting from how many agents exist to how much value they create, with humans still accountable.

05

Trust and verification

A firm's authority is what turns an AI hallucination into a public error that others cite, so verifying AI output for fabricated sources before publication is becoming essential to protect the trust firms sell.

06

EU AI Act

Two sets of obligations are already in force and carry most of a consultancy's exposure, with the biggest risks being weak AI literacy, accidentally adopting a banned tool, and unknowingly becoming the “provider” of a high-risk system. In the UK no AI rule has yet appeared

1. Established consultancies face competition from AI labs, tech scale-ups, and AI-native firms as AI restructures the industry

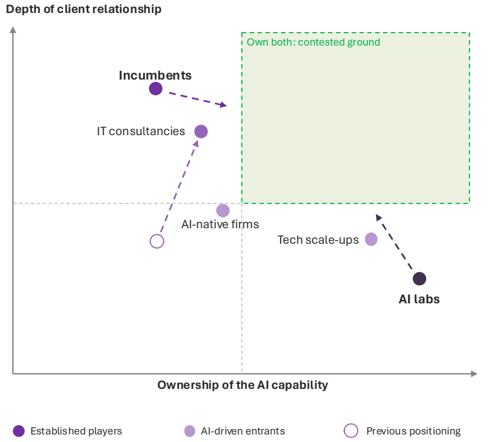
'Traditional' consulting is under pressure from AI[1], which is leading to a reshape of the industry. The big firms now earn part of their revenue from AI work and have built in-house units like McKinsey's QuantumBlack and BCG X, but they now face three kinds of new competitor: a) AI Research labs, b) Tech Scale-ups c) AI-native advisory firms

IT consulting is being disrupted by AI too. Accenture, amid mounting fears that AI threatens its business model[2], saw its share price fall a record 20% on 18th June 2026 after it cut full-year revenue growth, which management attributed to client pauses over geopolitical turbulence. But the company says AI won't damage its business, while their IT budgets are redirected toward acquisitions in new growth areas[3].

A. AI Research Labs are launching their own consulting arms

OpenAI, Anthropic, and Mistral have already started selling clients the same AI tools strategy firms offer[4]. In May 2026, OpenAI launched the OpenAI Deployment Company, which helps mostly multinational clients deploy AI for operations and places engineers inside their organizations[5]. McKinsey and Bain & Co. are among its partners, an arrangement Chamath Palihapitiya called "letting the fox into the hen house[6]." It follows the Frontier Alliances deal that BCG and McKinsey joined to speed up enterprise rollout of agentic AI[7]. Anthropic has launched its own services company to help mid-sized firms deploy Claude[8].

Competitive positioning of strategy consulting players



Positioning is illustrative, based on current ownership of the AI capability and depth of client access. Dashed arrows show the direction each group is moving.

Figure 1. The competitive landscape: the possibility of convergence toward a contested ground

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[1] Apollo's Kleinman Says AI to Come for Professional Services Next, Bloomberg, 10th June 2026, Bloomberg (link)
[2] Will the IT consulting share price rout ever end?, Financial Times, 2nd June 2026 (link)
[3] Accenture Forecast Sends Stock Tumbling a Record 20%, Bloomberg, 18th June 2026 (link)
[4] How AI threatens the giants of consulting, Financial Times, 27th May 2026 (link)
[5] OpenAI launches the OpenAI Deployment Company to help businesses build around intelligence, OpenAI, 11th May 2026 (link)
[6] Chamath Palihapitiya, X, 17th May 2026 (link)
[7] Introducing Frontier Alliances, OpenAI, 23rd February 2026 (link)
[8] Building a new enterprise AI services company with Blackstone, Hellman & Friedman, and Goldman Sachs, Anthropic, 4th May 2026 (link)

Asked by the WSJ whether AI labs threaten BCG, Schweizer said demand for AI outstrips the capacity, so he sees these moves as complementary. BCG's job is redesigning workflows and reshaping whole companies, beyond 'mere' token consumption increase[9].

B. Tech scale-ups are competing and partnering with consultancies

Another potential threat comes from tech scale-ups. Palantir is forming partnerships with strategy firms like Bain in March 2026[10], a route into the industry that parallels the AI labs' approach.

Palantir's Forward Deployed Engineers (FDEs) threaten consulting firms directly. Once the FDE has mapped the client's workflows and data, Palantir owns the relationship and every reason to cut the consultant out.

C. AI-native consultancies are trying to prove a new, leaner model is possible

The third is the AI-native consultancy. Queen's Tower Advisory runs an 80/20 model where AI handles most of the analyst work, so the firm scales on agent capacity rather than headcount. Xavier AI builds AI consultants outright. Both aim to grow without hiring traditional consultants.

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[9] AI Is Changing How Consultants Get Paid—and Much More, BCG's CEO Says, The Wall Street Journal, 28th May 2026 (link)
[10] Bain & Company announces expansion of lead global management consulting partnership with Palantir to bring world industry-leading AI transformation capabilities to clients, Bain & Company, 26th March 2026 (link)

2. AI pressure on the junior tier is replacing the consulting pyramid with leaner operating models

The consulting pyramid has begun to contract, partially due to AI. New entrants are building AI-heavy models that skip the traditional staffing structure: Queen's Tower Advisory and Unity Advisory run roughly 80% AI agents to 20% human consultants, and Xavier AI is building tools meant to replace consultants outright.

A. The junior tier is most exposed because its core tasks are exactly what AI does best

The junior tier is most exposed, because the work analysts have always done (research, data synthesis, and slide-building) is exactly what AI does fastest and most reliably. Firms are also keeping entry-level salaries flat as revenue per employee rises.

PwC cut headcount about 1.5% from 2024 to 2025[11] and dropped its goal of adding 100,000 employees by mid-2026, while training over 315,000 staff in AI that Global Chair Mohamed Kande says is "boosting the productivity of our people"[12].

In the UK, Chief People Officer Phillippa O'Connor tied the cuts to the UK market, not AI, but admitted "a graduate trainee does what a senior associate did three to five years ago." UK graduate applications rose 35% for 2026, and PwC says it still needs junior staff to build the "human skills" AI can't yet match[13].

B. Three main competing structural models are emerging to replace the pyramid

Three models are emerging to replace the pyramid.

The diamond keeps a thin junior base and small senior top but widens the middle and the top with experienced, AI-fluent specialists, assuming firms hire fewer generalist analysts and more mid-career technical staff[14] like AI engineers[15].

Another option is the "obelisk": a taller, leaner structure with fewer layers, smaller teams, and less reliance on junior staff.

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[11] Number of PwC employees worldwide from 2010 to 2025, Statista, 18th December 2025 (link)
[12] PwC abandons headcount target as revenue growth slows, Financial Times, 28th October 2025 (link)
[13] PwC UK applications jump 35% in graduate jobs drought, Financial Times, 13th February 2026 (link)
[14] Top consultancies freeze starting salaries as AI threatens 'pyramid' model, Financial Times, 1st December 2025
[15] Graduate jobs under threat from AI, PwC boss says, BBC, 21st November 2025 (link)

This model rests on three roles:

AI facilitators, early-career consultants who turn data into fast insight.

Engagement architects, seniors who frame problems, judge AI outputs, and turn them into strategies.

Client leaders, seniors who build trust with senior executives and advise them on what's next.

The obelisk model spreads these roles across levels and what counts is sharper thinking, delivered faster with less overhead[16].

The hourglass puts senior advisors on top, an AI platform in the middle, and a governance base that validates outputs and keeps them auditable[17].

C. The consulting pyramid is giving way to new organizational structures built around AI

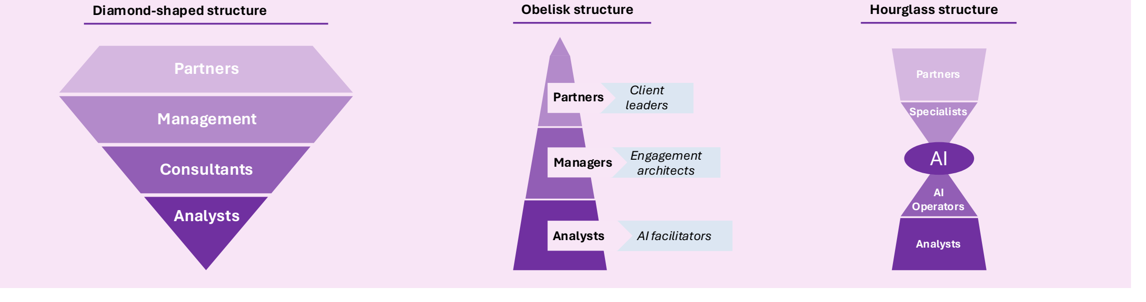

Figure 2. New AI-era operating structures

[16] AI Is Changing the Structure of Consulting Firms, Harvard Business Review, 10th September 2025 (link)
[17] Consulting's Next Talent Model: The Hourglass, Not the Obelisk, Medium, 28th February 2026 (link)

3. AI is becoming a major revenue stream for consulting firms, with higher demand for implementation projects

The latest revenue figures from the major firms point show that AI is taking a growing share of their projects and their income. According to Gartner, the AI services market size has grown rapidly and is expected to reach $759bn in 2027 from $436Bn in 2025 at a compound annual growth rate (CAGR) of 31.9%[18].

A. Incumbents are posting steady revenue growth driven by rapidly expanding AI

Overall incumbents have recorded a steady revenue growth driven by AI-related projects. BCG reported 2024 revenue of $13.5bn, with technology advisory services (including AI) accounting for 20%[19]. In 2025 revenue rose to $14.4bn, and AI- and technology-focused services now make up 40% of it[20]. BCG X, the unit that builds custom AI systems for clients, has more than 3,000 employees[21].

Bain reports that technology- and AI-enabled work was about 30% of its business in 2025[22], with more than 2,500 AI projects delivered to date across industries[23].

McKinsey runs its AI work through QuantumBlack, which has more than 1,700 staff, and now reports a workforce of 60,000 that includes 20,000 AI agents[24].

B. AI is shifting client demand from advice to execution

The growing share of revenue from AI work reflects a change in what clients buy. They are no longer paying for advice alone; they want systems built and running.

BCG's CEO Christoph Schweizer describes the firm's role in these terms: redesigning entire workflows and upskilling organizations, so that AI shows up in the P&L and in how people work, not just in token consumption, with a growing share of value-based projects[25].

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[18] Gartner Forecasts Worldwide AI Spending to Grow 47% in 2026, May 2026 (link)
[19] BCG Secures AI Leadership With Expanded Tech Division, Technology Magazine, 4th April 2025 (link)
[20] BCG Reports $14.4 Billion in Revenue, Marking 22nd Consecutive Year of Growth, BCG, 23rd April 2026 (link)
[21] We're Building Tomorrow, BCG, as of 26th June 2026 (link)
[22] Bain & Company forms strategic partnership with Dr. Andrew Ng to accelerate AI transformation for clients worldwide, 15th July 2025, Bain & Company (link)
[23] AI, Insights, and Solutions, Bain & Company, as of 26th June 2026 (link)
[24] McKinsey CEO Bob Sternfels says the firm now has 60,000 employees: 25,000 of them are AI agents, Business Insider, 12th January 2026 (link)
[25] AI Is Changing How Consultants Get Paid-and Much More, BCG's CEO Says, The Wall Street Journal, 28th May 2026 (link)

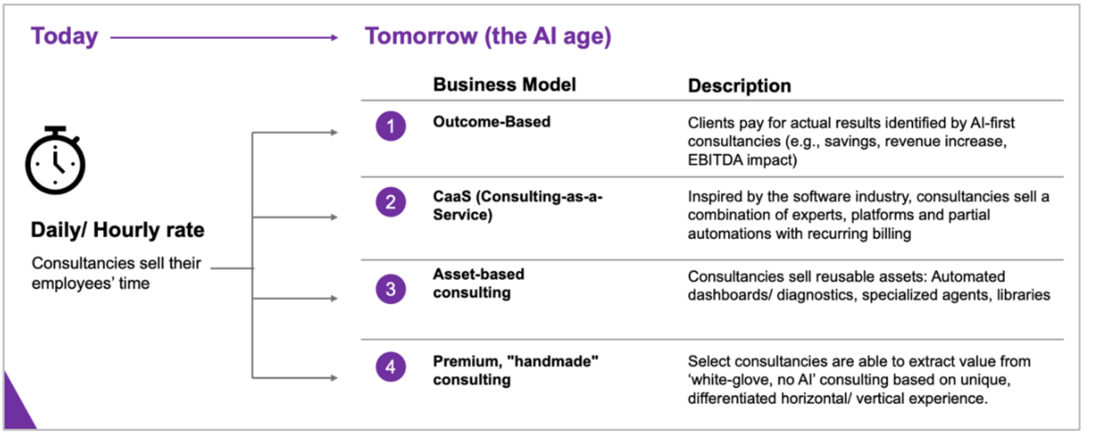

Figure 3. *Four emerging consulting business models, each with its own trade-off*

Source: Conseil[IA]: le nouvel âge du Conseil Augmenté – Livre Blanc Collectif, 2026. HEC Paris Alumni Club Consulting & Coaching (link)

4. Major consultancies staff agents alongside consultants, with key question shifting from "how many agents?" to "how much value?"

Strategy consulting has moved quickly from chatbots to agents. Major firms now put agents in front of their consultants as standard equipment. While an 'old-fashioned' chatbot answers prompts; an agent takes an objective, runs a workflow to reach it, and can call external tools along the way.

A. Firms have moved from chatbots to agents that run the workflow to reach a goal

McKinsey is the clearest case. On the HBR IdeaCast in January 2026, Global Managing Partner Bob Sternfels said: "I often get asked, 'How big is McKinsey? How many people do you employ?' I now update this almost every month, but my latest answer to you would be 60,000, but it's 40,000 humans and 20,000 agents[26] ."

The firm wants every employee enabled by at least one agent, a target it expects to hit in roughly 18 months. Its push started early: in August 2023 it rolled out Lilli, a generative-AI platform that searches and synthesizes McKinsey's internal knowledge across more than 100,000 documents[27].

BCG has gone broad. It gives consultants Deckster for drafting slides and GENE, a conversational chatbot it uses for presentations, podcasts, and outreach. After rolling out ChatGPT Enterprise firmwide, its consultants have built more than 18,000 custom GPTs to automate research, slide production, and routine queries[28].

> Little over a year and a half ago, that [the number of agents deployed by McKinsey was 3,000 agents and I originally thought it was going to take us to 2030 to get to **one agent per human**. I think we're going to be there in 18 months and we'll have **every employee enabled by at least one or more agents.**
>
> **Bob Sternfels**
> Global managing partner of McKinsey & Co.

[26] Where McKinsey—and Consulting—Go From Here, HBR Ideacast, 6th January 2026 (link)
[27] Meet Lilli, our generative AI tool that's a researcher, a time saver, and an inspiration, McKinsey, 16th August 2023 (link)
[28] Inside BCG's AI product assembly line: 'Every company has to become a tech company', Business Insider, 1st January 2026 (link)

Bain took a different route, deploying Sage[29], built with OpenAI, which lets consultants generate insights from the firm's own intellectual property, and buying a customized version of ChatGPT on top. Bain is the clearest case of a firm choosing to buy rather than build, as further evidenced by its recent deployment of Claude.

The shift reaches past the large firms. Accessible tools like Anthropic's Claude have brought agents within reach of specialized boutiques working on tighter budgets, such as Queen's Tower Advisory, which runs an 80/20 model of 80% agents and 20% humans.

B. Agents save measurable time and increasingly get sold to clients as products

The typical payoff is time saved on, especially on repeatable tasks which used to be the daily routine of analysts. At BCG, consultants now spend about 15% less time on low-value work like building slides and reinvest roughly 70% of those saved hours into higher-value work such as deeper analysis[30].

Agents are also a product. Firms sell them to clients, and a part of what gets built starts bottom-up: a consultant builds a tool for one client's problem, then adds it to the firm repository for the next team that needs it.

C. The test for an agent is moving from how many exist to how much value it creates

But the way firms judge agents is changing. Across both corporates and consulting firms, the question is shifting from how many agents exist, or how many people use them, to how much value they create.

PwC's Chief AI Officer Dan Priest argues that people, not agents, still run the workforce, and that an agent is best measured by how well people use it rather than by how much it could automate in theory.

"The human is still accountable. The humans are the ones who get certified. The humans are the ones who get licensed. The humans are the ones who get empowered[31]."

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[29] Five ways Bain is leading with AI, Bain & Company, 21st August 2025 (link)
[30] Consulting firms have built thousands of AI agents. Now they're trying to figure out their worth, Business Insider, 17th February 2026 (link)
[31] PwC's chief AI officer isn't impressed by how many agents you have, Business Insider, 30th January 2026 (link)

5. Hallucinated citations in published reports mark the first public AI failures in consulting

The same speed that makes AI useful to consultants is also where the danger sits. AI models hallucinate, and they do it confidently. When a tool returns answers in seconds, overreliance and a lack of critical thinking can have serious consequences.

In a knowledge business like consulting, where the product is credibility, that is a serious problem, and it has already produced cautionary failures.

In June 2025 the UK's Financial Reporting Council warned the audit teams of the Big Four that they lacked performance indicators for AI, pressing the firms to define metrics for how the tools affect audit quality[32].

A. Major firms have published reports with fabricated citations, quotes, and claims

Nonetheless, in 2025, Deloitte, delivered a report, published on Australia's Department of Employment and Workplace Relations' website, that cited academic research papers that did not exist and quoted a Federal Court judgment that was never made. Deloitte later disclosed that it had used Azure OpenAI to help produce it. In October the company agreed to refund the final instalment of a roughly $290,000 contract with Australia's government[33].

EY had the same problem. In May 2026 it pulled a study on loyalty rewards programmes, that its consultants had used to market the firm's cyber security work in Canada. The research group GPTZero found that more than half a dozen of the footnotes in EY's report were hallucinated, directing to web pages that did not exist or did not contain the information cited. The report included a reference to a McKinsey report that does not exist[34]. As GPTZero's Om Ogale, Paul Esau and Alex Cui put it, a report with fake citations can "poison the well" for future researchers, "especially if the report is published by a well-known consulting firm and hosted on a high-traffic website[35]."

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[32] Big accounting firms fail to track AI impact on audit quality, says regulator, Financial Times, 27th June 2025 (link)
[33] Deloitte was caught using AI in $290,000 report to help the Australian government crack down on welfare after a researcher flagged hallucinations, Fortune, 7th October 2025 (link)
[34] EY retracts study after researchers discover AI hallucinations, Financial Times, 15th May 2026 (link)
[35] Chasing the Hallucinations, GPTZero Investigations, 14th May 2026 (link)

KPMG removed a report in June 2026, called "Redefining excellence in the age of agentic AI." The October 2025 paper claimed that UBS, NHS Greater Manchester, Swiss Federal Railways and Transport for London were running AI agents in ways those organisations said they were not. GPTZero again identified the inaccuracies, and KPMG later removed the report from its website[36].

> Publishing a report online is essentially a form of **data injection** into the pool of knowledge that is the internet. When the report includes fake information (either vibed citations or false claims) it can "**poison the well**" by misleading future researchers, **especially if the report is published by a well-known consulting firm** and hosted on a high-traffic website.
>
> Om Ogale, Paul Esau & Alex Cui – **GPTZero**

B. A firm's authority is what turns an AI error into a public one

The pattern is the same in each case. A firm whose authority makes people trust its work published claims that were never true, and that authority is exactly what turns a private mistake into a public one. When others cite the report, the errors travel.

Every consultancy should make source verification a mandatory step in its delivery process, so that no AI-generated claim reaches a client or the public until a human has traced it back to a real document.

The EU is acting on this too. Article 4 of the EU AI Act requires organisations deploying AI to make sure their staff have adequate AI literacy, a rule aimed at preventing failures like these: people trusting over-reliant AI outputs.

[36] KPMG report contained AI hallucinations on benefits of . . . AI, Financial Times, 11th June 2026 (link)

6. The EU AI Act's in-force obligations create concrete compliance exposure for consultancies

The EU AI Act entered into force on 1 August 2024[37] and uses a risk-based framework, with Article 5 banning specified AI practices.

Several obligations are already in force, including AI literacy, prohibited practices, governance rules, penalties and transparency requirements[38].

A. Article 4 requires firms to ensure staff use AI responsibly

Article 4 covers AI literacy. It requires providers and deployers to support AI literacy among staff and others using AI on their behalf[39]. Weak literacy can aggravate other penalties and signals poor governance, so firms should run role-specific training and keep a record of who was trained and on what.

B. Article 5 carries the heaviest penalty, and the main risk is adopting the wrong tool

Article 5 bans certain uses of AI[40] and carries the highest penalty in the Act, up to €35m or 7% of worldwide annual turnover[41]. These include practices such as workplace emotion recognition, social scoring, and some forms of biometric identification. For consultancies, the main risk is often accidental: a team may adopt a third-party tool without realizing that one of its features is prohibited. Firms should therefore screen AI tools before adoption and list banned uses clearly in their AI policy.

C. A firm can involuntarily become a “provider” of a high-risk system, which triggers several obligations

Article 25 sets out when a consultancy can become the provider of a high-risk AI system, triggering additional compliance duties[42]. As they scale their AI offerings, consultancies should be mindful that new engagements could reclassify them as “providers”, creating new legal risks.

[37] AI Act enters into force, European Commission, 1st August 2024 (link)
[38] Implementation Timeline, EU Artificial Intelligence Act, as of 27th June 2025 (link)
[39] Article 4: AI literacy, EU Artificial Intelligence Act, as of 27th June 2026 (link)
[40] Article 5: Prohibited AI Practices, EU Artificial Intelligence Act, as of 27th June 2026 (link)
[41] Article 99: Penalties, EU Artificial Intelligence Act, as of 27th June 2026 (link)
[42] Article 25: Responsibilities Along the AI Value Chain, EU Artificial Intelligence Act, as of 27th June 2026 (link)

D. In the UK, A ‘principles-based’ approach leaves consultancies exposed to five regimes

The UK, by contrast, has no single, AI-specific law. Regulators instead apply five non-binding principles: safety, transparency, fairness, accountability, and contestability.

While the lack of a single AI law might suggest that the UK has a more favourable regulatory regime, UK consultancies still face a web of “adjacent” rules that can affect how they use AI. These include UK GDPR, consumer law, financial services regulation and the Online Safety Act, as well as the EU AI Act when they work with EU clients.

Pressure for harder rules is building: an FCA executive director recently urged UK authorities to keep pace with AI's growth and consider bringing AI tools within financial services regulation[43].

[43] UK regulator warns of ‘arms race’ to keep up with AI use in financial services, Financial Times, 06th July 2026 (link)