

Client centric future of professional services



Redefining Professional Services: A Culture of Continuous Evolution

The UK professional services sector needs to **evolve**, having previously been seen as a global leader known for its expertise and innovation the rapid changes to the operating environment require firms to fundamentally alter their operations. Traditional service models and gradual changes are no longer sufficient. To succeed, these firms must adopt a culture of continuous evolution focused on transformation.

The forces driving this need for evolution are **multifaceted**. Clients now expect personalised solutions rather than generic options. Technology is reshaping the industry through automation and AI. Firms that do not implement these advancements may struggle to meet client expectations for efficiency and insights.

This changing landscape offers both challenges and opportunities. Firms willing to embrace transformation will be better equipped to seize these chances, and The KPMG Six Pillars provide a guiding framework:



Integrity: Maintaining ethical standards is crucial in a landscape where trust is paramount. Clients demand transparency and honesty, especially when dealing with sensitive information.



Time & Effort: Clients value efficiency and effectiveness. Firms need to streamline their processes and leverage technology to deliver results quickly and efficiently.



Resolution: Firms need to be proactive in solving client problems and delivering results. Turning poor experiences into great ones through effective problem solving.



Personalisation: Clients want tailored solutions, not generic offerings. Firms need to understand their specific needs and challenges and provide personalised advice and guidance.



Expectations: Understanding and exceeding client expectations is essential for building lasting relationships. Firms need to be responsive to client needs and anticipate their future requirements.



Empathy: Building strong client relationships requires empathy and understanding. Firms need to listen to their clients, understand their perspectives, and provide support and guidance.

Professional services cover various industries that provide specialised knowledge and expertise. These firms offer guidance in areas such as accounting, consulting, law, and finance, relying on their professionals' expertise to deliver client value.

While each sector faces distinct challenges, common trends are influencing the overall landscape of professional services. **The era of incremental change has ended; the future is for those who adapt continuously.**

What is the imperative for Professional Services Firms to Transform?

Client expectations of professional services firms are consistently increasing, with higher quality advice and outputs expected at lower rates. Simultaneously, talent costs for these firm are experiencing significant upward pressure. The industry has faced notable wage inflation, especially in the financial services¹ and legal sector².

Things cannot continue on this trajectory and therefore Professional Services firms need to transform in order to deliver on their client needs and to remain competitive. There are a number of themes which firms need to explore:

Generative AI



is no longer a buzzword but a reality. It is a top investment priority for over two-thirds of UK CEOs³ who recognise its potential not only to upskill their people, and to drive efficiency and productivity gains. There is huge opportunity for Professional Services firms to harness its power to deliver better more cost-effective outcomes for their clients.

Pricing and Propositions



need to be reimagined as the industry needs to move away from traditional time-based billing, to more value-based pricing and proposition models.

Delivery Models



should be reviewed and refined to enable more efficient delivery. Global Capability Centres in lower cost locations enable access to a wider pool of talent at lower cost of operation. Firms need to strongly consider how they deliver their services and what role these centres can play.



¹ UK wages: which sectors are driving up pay? Financial Times 04/09/2023

² Financial Benchmarking Survey 2024, The Law Society, March 2024

³ KPMG 2024 CEO Outlook - UK

What are the ingredients of a great client experience?

Organisations that understand and deliver against The Six Pillars, deliver enhanced outcomes, faster growth, and greater shareholder value.

They have been shown to be the essential building blocks of world class CX. Organisations that have mastered The Six Pillars have significantly better commercial outcomes, driving revenue and EBIT up and driving cost out:

01

Firms who master CX across the 6 Pillars achieve 10x revenue growth

02

Leading players can improve experience and reduce costs by up to 25%

03

Companies that excel can achieve 75% better profitability

The Six Pillars of Customer Experience



Integrity

Being trustworthy and engendering trust



Resolution

Turning a poor experience into a great one



Expectations

Managing, meeting and exceeding customer expectations



Time & effort

Minimising customer effort and creating frictionless processes



Personalisation

Using individualised attention to drive an emotional connection



Empathy

Understanding the customer's circumstances to drive deep rapport

¹ KPMG UK Customer Experience Excellence Report 2024/25

AI: The Catalyst for Growth

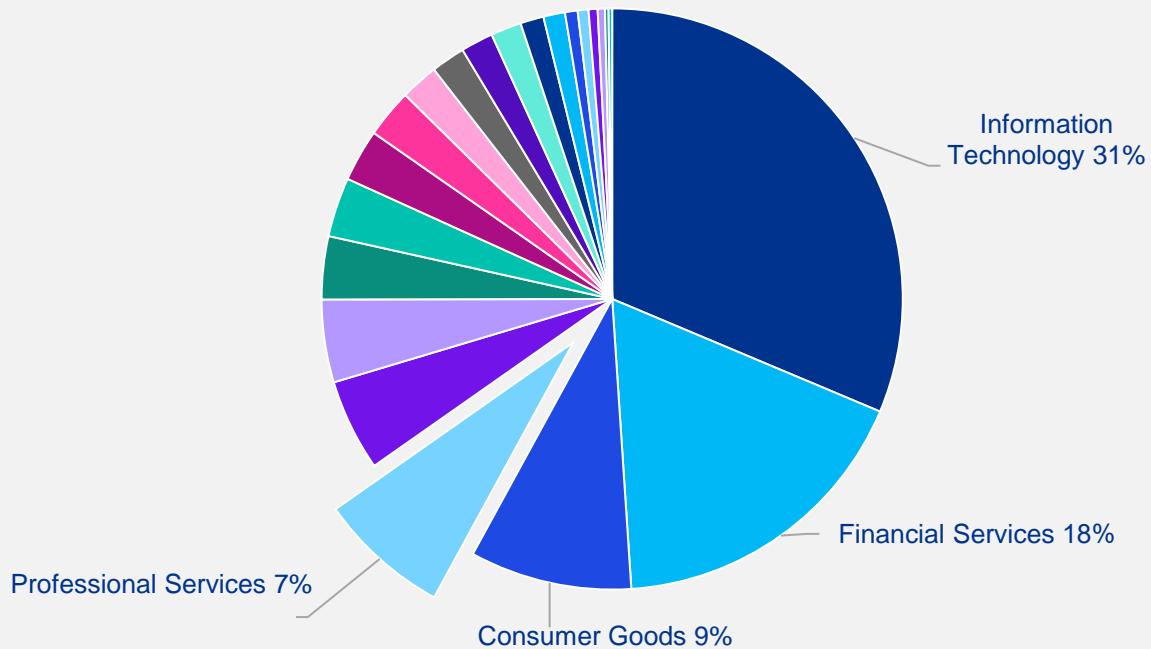
Generative Artificial Intelligence

The integration of Artificial Intelligence (AI) within professional services holds immense promise, ushering in an era of enhanced client experiences and optimised operational efficiency. AI-powered tools are poised to revolutionise the industry by enhancing research capabilities, improving client services, refining risk management, and automating repetitive tasks, thereby freeing up professionals to dedicate their expertise to higher-value activities such as strategic thinking and client engagement. This shift will result in accelerated turnaround times, improved accuracy, and personalised solutions tailored to individual client needs.

AI's ability to analyse vast datasets will unlock valuable trends and insights, empowering professionals to provide proactive and predictive advice. By streamlining processes and optimising resource allocation, AI will contribute to significant cost savings, making professional services more accessible and affordable for a wider client base.

To fully realise the potential of AI, firms must prioritise data quality and preparedness. Forrester research indicates that AI is going to experience substantial average annual growth rate of 36% up to 2030¹. The Department for Science, Innovation & technology highlights the professional services sector as one which has experienced rapid development and adoption of AI². However, many companies struggle with an effective strategy, have trouble clearly identifying key use cases, and lack a defined approach for progressing the business to realise the value.

Count of AI Companies



¹ Forrester, Spend on Generative AI will grow 36% annually to 2030, September 2023

² Department for Science, Innovation & Technology Artificial Intelligence sector study 2023, October 2024

The New Era of Value-Based Pricing

Pricing / Propositions

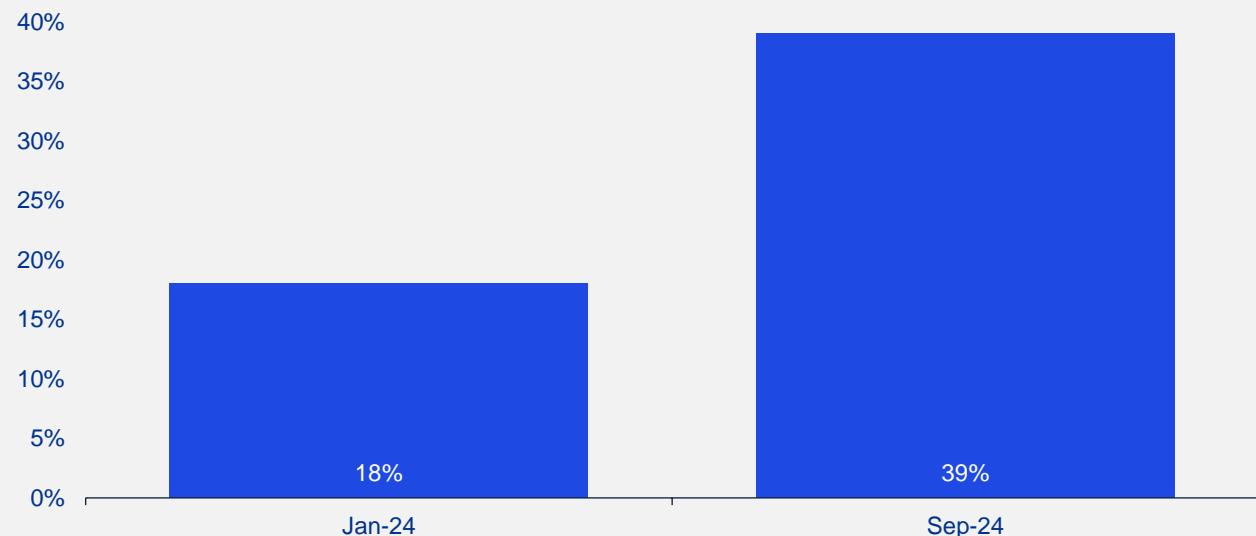
The advent of Artificial Intelligence (AI) is fundamentally reshaping the pricing landscape within professional services. As AI automates tasks and delivers insights with greater efficiency, traditional hourly billing models are losing their relevance. Firms are increasingly embracing value-based pricing models, where compensation is tied to the outcomes delivered rather than the time spent. This shift necessitates a deeper understanding of client needs and a focus on quantifying the value of services.

Firms are also exploring subscription models, offering ongoing access to AI-powered tools and expertise, creating a more predictable and sustainable revenue stream. This evolution in pricing models reflects the changing dynamics of professional services, where AI is driving a focus on value creation and client-centric solutions.

Whilst this trend is gaining traction across the whole professional services industry, the extent of this transition varies across sectors. For instance, some junior layers bonus' are determined by exceeding 2,000 billable hours¹. Whereas accounting and consulting firms are increasingly moving towards value-based pricing models.

The adoption of AI-driven pricing models signifies a paradigm shift in professional services, where value creation and client satisfaction are paramount. Firms that embrace this evolution will be well-positioned to thrive in the evolving landscape.

Private practice lawyers that will change how they bill as a result of AI²



¹ Financial Times: Why the billable hour is still king in the legal world. January 2025
² Fast law: why speed is the priority for lawyers using AI

Unlocking Value with Global Capability Centres

Delivery Model

Despite the rise of technology and AI, Global Capability Centres (GCC) remains a vital force in the business world. Projected to reach USD 2.5 trillion by 2025¹, GCC continues to offer firms a compelling path to cost optimisation and operational efficiency.

KPMG estimates that cost reductions can range from 20% to 40% as companies mature in their GCC adoption². Furthermore, KPMG notes that organisations with advanced GCC maturity can achieve a 3–5% higher return on equity².

Beyond cost savings, GCC adoption contributes to improved operational efficiency and enhanced client satisfaction. Firms are increasingly establishing specialised Centres of Excellence (CoEs) for areas like data analytics and cybersecurity, differentiating themselves in a competitive market.

Both GCC and CoEs offer scalability and flexibility, enabling firms to adapt to changing client needs and project demands, further disrupting traditional delivery models. The synergy between AI technology and GCC enables organisation to transition from cost-saving models to strategic growth partner that drive innovation and resilience throughout their operations.

To succeed in today's dynamic business landscape, firms must prioritise flexibility, invest in digital infrastructure, and strive for operational excellence to deliver engaging customer experiences. GCC operating models are evolving towards remote work, demonstrating that productivity, client service, and employee satisfaction can be maintained while realising cost savings³.



1 Achieving cost efficiency through global business services strategy, Hexaware, 2024

2 Leveraging global business services to align value to the c-suite agenda, KPMG, 2016

3 Global capability centers in the next normal, McKinsey, 2020

Realising Opportunity within Professional Services

The winds of change are blowing through the professional services landscape, driven by the convergence of generative AI, changing delivery models, and a shifting pricing paradigm.



Leaders who fail to recognise and adapt to these forces risk being left behind. **AI is no longer a futuristic concept**; it's a powerful tool that enables professionals to dedicate their expertise to higher-value activities including strategic thinking and client engagement. This shift not only increases efficiency but also unlocks new avenues for innovation and value creation.



Simultaneously, the **traditional time-based billing model is under pressure** as clients demand more value for their investment. Firms must transition towards value-based pricing, aligning fees with the tangible results delivered. This shift requires a fundamental change in mindset, focusing on quantifiable outcomes and demonstrating the true value of professional services.



Finally, **global capability centres offer a cost-effective solution for scaling operations**, allowing firms to tap into a global talent pool and deliver services at competitive rates. This approach allows firms to optimise resource allocation, manage costs effectively, and expand their reach into new markets.

By embracing AI, value-based pricing, and global capability centres, professional services firms can navigate the evolving landscape, enhance client satisfaction, and secure their future in a world where agility, innovation, and value are paramount. To maintain competitiveness and lead in the sector, it is crucial to:

01

Identify your business's unique advantages and consider how AI can enhance them.

02

Understand client needs and develop a delivery model that meets those needs.

03

Shift investment strategies to better serve clients, acknowledging the changing leverage model.

04

Reevaluate pricing and value strategies for improved commercial practices.

05

Optimise talent strategies by reducing generalist roles, refining graduate recruitment, and promoting AI tool adoption, aiming for high ROI.



¹ KPMG UK Customer Experience Excellence Report 2024/25

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Document Classification: Public

Create: CRT162003A | June