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MARKET PERSPECTIVE

AI-Driven Pricing Imperatives for CPA Firms

AUGUST 2026

Executive Summary

AI is resetting CPA economics across multiple vectors, including pricing. The CPA firms that garner market-leading outcomes will price proactively, structure pricing optimally by service line, and effectively communicate value to their clients.

KEY POINT

TAKEAWAYS

Pricing is often the most attractive value lever for CPA firms...

- We assessed available CPA value-creation levers on three axes: value at stake, time to value, and execution complexity
- Pricing ranks at the top: ~400–1000 bps of direct EBITDA impact, <12 months to capture, and amongst the lowest execution complexities
- AI proliferation increases the criticality of the pricing lever (i.e., if 30–50% of the cost base is removed, pricing is key to banking efficiency)
- The key question for CPA firms now shifts from whether to adjust pricing models, to when and how to do it strategically

...but AI is changing the game by accelerating the shift to product and value-based pricing

- As AI improves efficiency and quality of work product, pricing models will move away from T&M to Value- and Product-based models
- The shift will be uneven by service lines, competencies and client segments with most significant shift in Audit and Tech and Risk Consulting
- Despite the shift, T&M will be the major model in the near-term driven by the entrenched starting point today as well as existence of anchor competencies and contracts; pricing leaders will act proactively to capture the shift as margin, while laggards will face leakage

Pricing winners will take an offensive approach and be proactive, optimally nuance their structures, and communicate client value effectively

- The opportunity to lead is wide open: even among self-described market leaders, only half have moved a single service line to a new structure
- There are three actions that CPA leaders must take: (i) Price proactively; (ii) Optimize pricing structures; and (iii) Communicate value effectively
- Proactive pricing will help stabilize margins before competitors recast AI savings as a discount; key initiatives to proactively price include improving market understanding, establishing a pricing CoE, improving scope clarity, and improved price-value-efficiency trade-off articulation
- Optimizing pricing structures will need deployment of a repeatable, objective framework which can be consistently applied to competencies; some key dimensions of this framework are extent of predictability in output, complexity variability, delivery risk, and degree of standardization
- Communicating value effectively needs a deep understanding of KPCs by competency, as provider choice is based on more than price; centralized, value-based messaging while avoiding both blanket price increases and solely focusing on efficiency pass-through

Pricing transformation is a staged journey, from economic baselining to implementing communication playbooks

- Capturing pricing value is a capability to build spanning a five-step journey:
 - (i) establish baseline economics, quantifying where margin is created and where it compresses;
 - (ii) build market understanding of client purchase criteria, price sensitivity, and switching costs;
 - (iii) evaluate pricing structures against work type, delivery risk, and client value;
 - (iv) apply a scorecard by service level (predictability, complexity, value, risk, standardization, scope control, scalability); and
 - (v) develop a communication playbook that balances transparency with demonstrated value

Pricing was CPA firms' top value-creation lever even before AI: high value potential, speed to value, and executability; AI proliferation has further raised its criticality

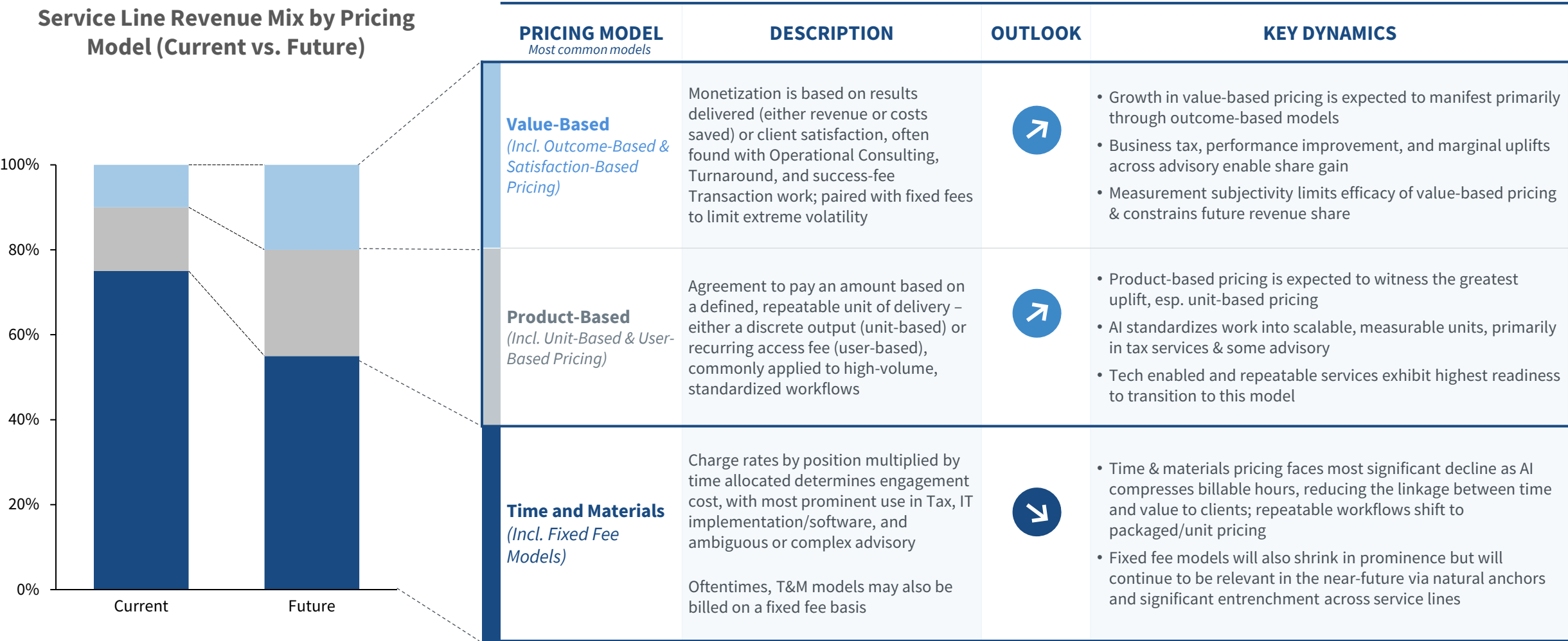
Value Creation Levers for CPA Firms (Pre-Partner Compensation)		Lever Prioritization <u>Independent of AI</u>				Impact on Lever Priority <u>WITH AI</u>
		Full Potential Value (EBITDA bps unless qualified)	Time to Value	Execution Complexity	Overall Priority	
Commercial Strategy and Business Mix		High (Growth Multiple)	Slow (3-5 yrs)	High	Med	↑ AI accelerates advisory-mix shift
Commercial Excellence	Pricing	High (400-1000 bps)	Fast (<1 year)	Med	High	↑↑ Becomes value capture focal point
	Cross-Sell	High (+5-8% organic growth)	Fast (<12 mths)	High	Med/High	↑ AI-advisory widens portfolio
Cost of Sales	Off-shoring	High (600-800 bps)	Med (6-18 mths)	Med	Med	↓ AI substitutes offshore labor
	Utilization	Med (Drives RPP)	Fast (<12 mths)	Med	Med	→ Rubric redefined with AI-augmented staff
	Compensation	Med (200 bps)	Fast	High	Med	→ Structural, AI-neutral
	Team Design/Leverage	Med (via RPP)*	Med	High	Med	↑ Pyramid shifts shape
	Front-Office Automation	High (500+ bps)	Slow (18 mths+)	High	Med	↑↑ AI collapses time & complexity
OpEx	Support Resources	Low-Med	Med	Low	Low	↑ AI cuts admin/support
	Back/Middle-Office Tech	Low-Med	Med	Med	Low	↑ AI automates G&A
	Marketing and Advertising	Low	Fast	Low	Low	↑ AI-led efficiency
	Facilities and Offices	Low	Slow	Med	Low	→ Independent

PRICING BECOMES PIVOTAL WITH AI-PROLIFERATION

- Pricing was already the #1 lever; AI elevates its role as pricing now governs a cost base that AI can significantly reduce
- Pricing inaction can erode margins: Clients may expect savings and competitors may pass them through
- Pricing is the single largest efficiency conversion lever (e.g., automation may outscore it on paper, but automation that isn't repriced leaks to the client)

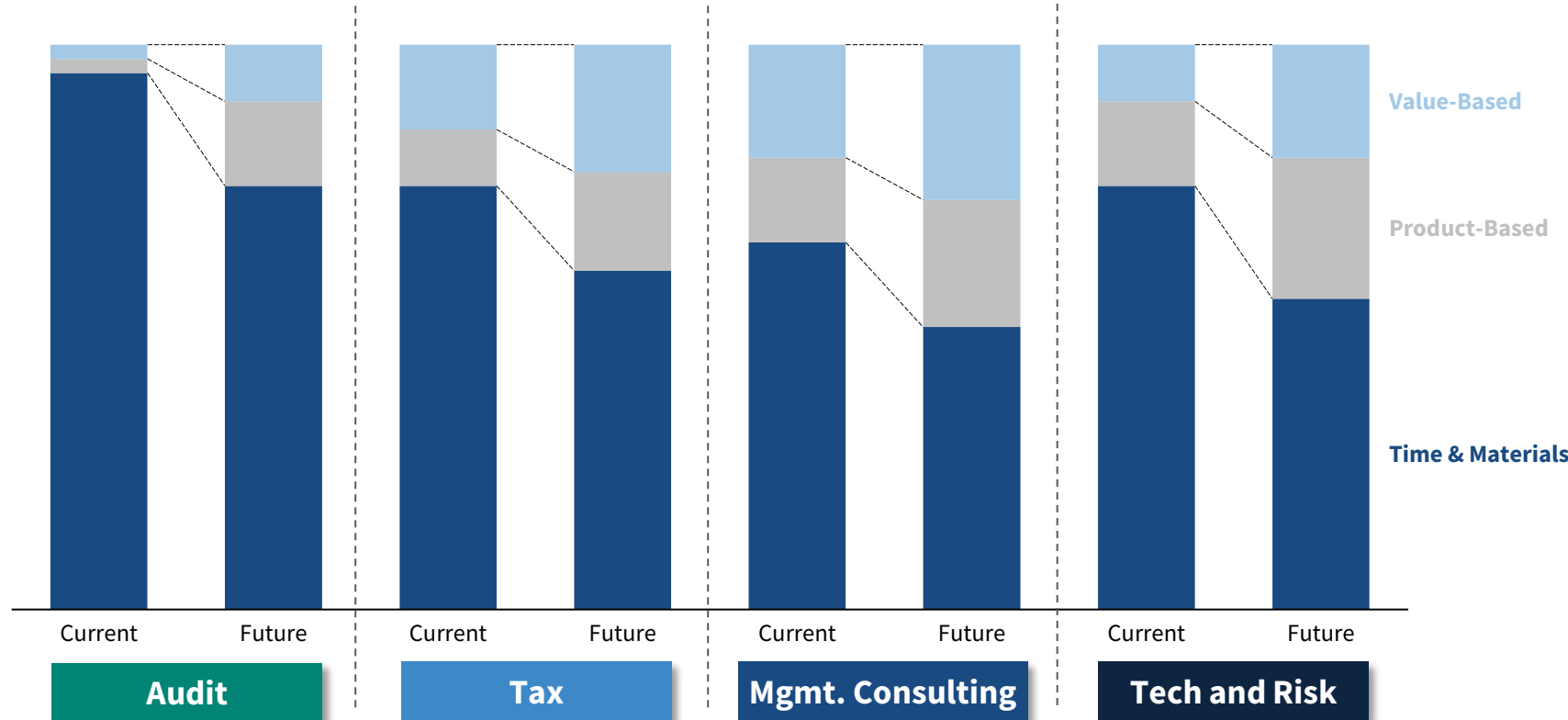
From low to high attractiveness ->

AI-led efficiency and quality improvements will force pricing away from Time and Materials to Value- and Product-based models



Pricing shift away from T&M will (relatively) gain most traction in Audit and Tech & Risk Consulting, rewarding scalability and workflow redesign

Directional Pricing Model Revenue Mix Shift by Service Line
(Current vs. Future) (Most Common Pricing Models)



PRICING MODEL SHIFT IS NUANCED NOT JUST BY SERVICE LINES BUT ALSO BY COMPETENCIES AND CUSTOMER SEGMENTS

Broadly, shift away from T&M concentrates where T&M is highest today: Audit and Tech & Risk

Service-line averages hide the real variation: pricing models differ by competency *within* a line, and by customer segment (*client size X geography*)

T&M stays prevalent in the near term; pricing leaders act proactively to capture the shift as margin, while laggards will face leakage

CPA leaders may connect AI adoption, efficiency gains, and margin impact to initiate strategic planning for an offensive pricing approach in the market

CPA leaders that take an *offensive approach* will create significant opportunity to protect margin and shape market expectations in both the near- and long-term.



EFFICIENCY GAINS

- 1 in 3 firms not yet measuring AI-enabled time savings, but should prepare
- Those with time savings are deploying to other billable hours



PRICING STRUCTURE SHIFTS

- 50% of self-described market leaders are actively piloting or have moved at least one service line to an alternative pricing structure
- Clients are expecting pricing structure shifts with firm AI adoption



MARGIN IMPACT

- Mixed firm expectations with dominant (34%) expecting partial share of gains while retaining most margin, 20% expecting competitors to concede through lower pricing, and only 7% expecting client-led price reductions
- The rest expect to capture gains through margin expansion (12%) or reinvest into higher-value / expanded services (16%)

FIRM OPPORTUNITY



1 | PROACTIVE PRICING

- Shape expectations before competitors define AI-enabled savings as a discounting mechanism
- Use value-based factors in pricing decisions, versus in-the-moment responses based on client demands and market scenarios

2 | OPTIMAL PRICING STRUCTURES

- Establish baseline economics by quantifying where margin is created and where it leaks across service lines
- Understand which pricing structures are the optimal fit by service category

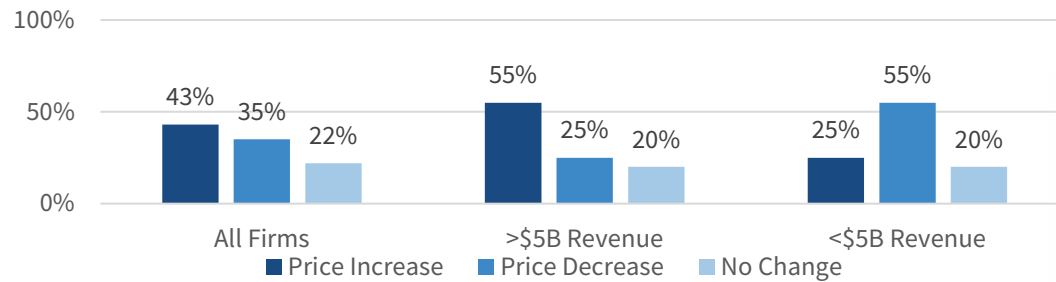
3 | COMMUNICATE VALUE

- Define the value narrative from a centralized strategy
- Base pricing communications on the value economics

Market conditions signal opportunity for firms to be proactive with pricing to shape expectations and ensure ability to both protect and grow margin over time

CLIENTS EXPECT PRICE CHANGES DUE TO AI...

Client pricing impact expectations due to AI tools*



Many clients expect some future price declines, especially within mid-sized firms.

However, only 7% of surveyed firms expect clients to receive meaningful reductions, showing opportunity to shape expectations.[†]

ADDITIONAL CONSIDERATIONS

- Many firms are facing pressure for experienced talent as well as technology investments, driving up price currently.
- AI-related price change expectations are largely driven by the firm size, showcasing the importance of understanding market dynamics and client sentiments as a driving factor in pricing decisions.
- For the largest firms, future pricing pressure appears to be primarily competitor-led versus client-led; the opposite may occur across other-sized firms, with flatter pricing a likelier long-term outcome.
- State and local tax, compliance, risk advisory, audit, and transaction advisory are the most expected by clients to become less expensive over time.

...WITH SIGNIFICANT OPPORTUNITY TO SHAPE EXPECTATIONS

PROACTIVE PRICING



- Clear understanding of market dynamics and client sentiments
- Firm-led pricing from a Center of Excellence and strategic pricing model(s)
- Billing on clear scope
- Strategic fee structure, usage, and communication
- Price-value communication
- Understanding and appropriately capturing AI-driven efficiencies
- Increased relationship strength and client confidence contributing to value story

REACTIVE PRICING



- Market assumptions and reactionary responses
- Defensive pricing from competitor- or client-driven pressure
- Pricing decisions that alienate strategic clients
- Scope creep offsetting gains
- Unnecessary underbilling or price declines not based on reality
- Unintentional margin variation or erosion
- Unclear communication due to limited internal strategy
- Increased switching risk from lowered client confidence

Investing in value-based pricing structures to strategically align outcomes will yield the greatest benefit

PRICING STRUCTURE SUITABILITY

Clients expect some pricing structure shifts with the adoption of AI, but don't yet have a clear expectation or preference of what that structure looks like

(Pricing structure change expectations, frequency of response: 25% fixed fee pricing, 15% general move away from hourly, 13% outcome-based pricing, 7% value-driven pricing, 5% subscription pricing, 3% bundled pricing*)

EXAMPLE PRICING STRUCTURES	SAMPLE BENEFITS	SAMPLE RISKS
Fixed / Flat Fee	Predictable, client-friendly, scalable	- Margin controlled by scope accuracy - Vulnerable to scope creep
Value / Outcome / Satisfaction Pricing	- Captures value beyond hours - Aligns pricing to outcomes	Requires client value articulation and trust-building
Tiered / Packaged	- Simplifies client choice - Supports upsell across tiers	Requires disciplined package design and enforcement
Subscription / Retainer	- Recurring revenue - Stronger client stickiness and retention	Requires calendar-based delivery cadence and capacity planning
Hybrid Models	Balances predictability with downside protection	- More complex to administer - Requires clear trigger language

Utilize a repeatable, objective framework for selecting pricing structures

The goal is not universal replacement of hourly billing.
It is strategic alignment of pricing structures at the service level, determined by service economics, delivery risk, and value visibility.



High predictability → Fixed or Tiered pricing



High complexity variability → Hybrid model required



High value → Value-based pricing



High delivery risk → Avoid pure Fixed; Hybrid preferred



High standardization → Tiered or Subscription



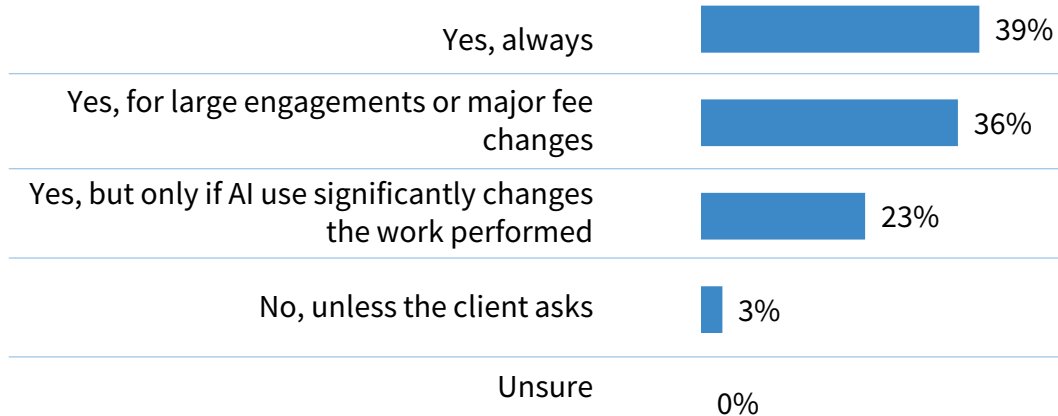
Weak scope control → Hybrid with explicit triggers

Building a strong strategic communication capability beyond just response readiness is a strategic differentiator to client relationship value

Clients value transparency...

- 86% of clients are likely to ask whether AI has reduced the effort required for engagements; 7% have already asked
- Almost half (46%) of firms have received AI questions from clients; an additional 38% expect it soon[†]
- Unexplained fees, limited proactive communication, and charges for uncommunicated scope are among the largest client pain points

Should providers proactively communicate how AI efficiencies are reflected in their pricing?* (Client perspective)



...Requiring a strong commercial motion to strike a balance in transparency and position as a market leader

SELECT CLIENT QUOTES

They're **pretty transparent** in terms of what they're doing and how they're using it.
- Private Distribution Client

I expect that to be a **conversation this coming year**. It should be – **they should be doing this**.
- Private Consumer Products Client

They'll put it in a deck and say they're using it to help. They will mention it but there's **almost no detail**. I would want to know what the use cases are for it.
- Public Technology Client

There **should be a discussion on the economics** of the engagement. If the answer is nothing, you need to describe to me why.
- PE-Backed Healthcare Client

It's **hard to bring up AI**. The hardest question for them to answer is how the price will be impacted.
- Private Manufacturing Client

SELECT FIRM QUOTES

The use of AI is communicated through engagement discussions, technology descriptions, and service-line materials.
- Top 10 CPA Firm

AI is used as part of tax services. **It is communicated** through engagement discussions, technology descriptions, and client-facing materials.
- Top 10 CPA Firm

We use AI-enabled tools in parts of assurance, advisory, and managed services. **Clients are told this** through engagement discussions, technology descriptions, and confidentiality controls.
- Top 10 CPA Firm

We use AI and automation within our broader service platform. **Communicated through client discussions**, technology descriptions, and specific materials when relevant.
- Top 10 CPA Firm

As AI usage and efficiency gains evolve, pricing communication should be based on value economics (and not disparate, blanket statements)

PROVIDER CHOICE IS BASED ON MORE THAN PRICE

PRICE CHANGE SENSITIVITY

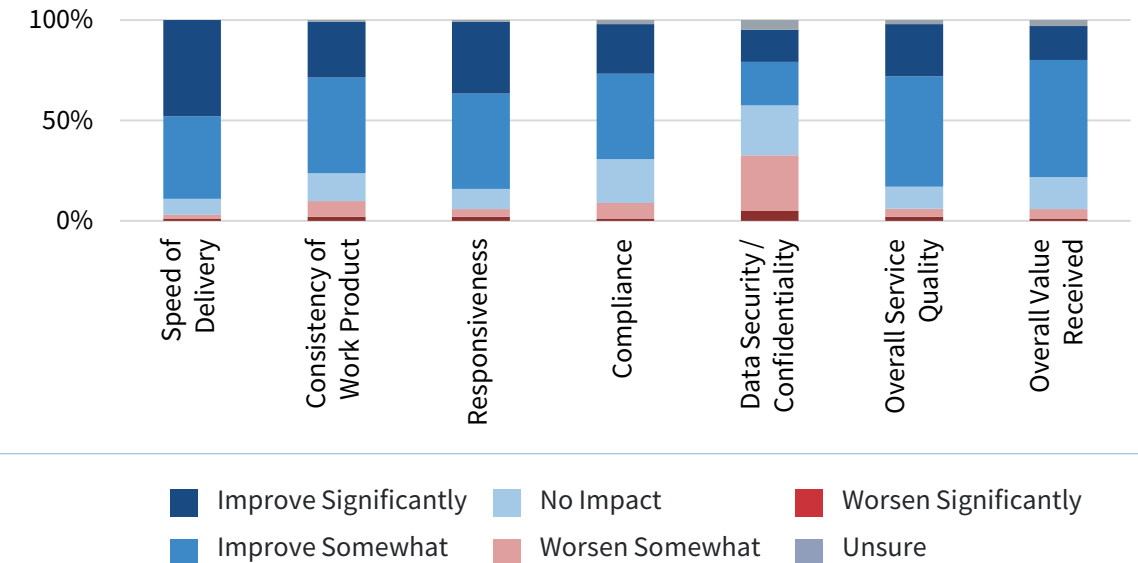
- While significant price increases (double-digit) would typically require justification and potentially trigger switching consideration across service lines, clients expect moderate, single-digit annual price increases
- Even for standardized or commoditized services, clients place value on relationships, performance, brand, responsiveness, quality, and risk management – not just price

SWITCHING BEHAVIOR

- Clients are relatively sticky with evaluations typically occurring every ~3-5 years; Switching consideration is typically only triggered by substantial ongoing issues
- Significant price increases (double-digits), poor customer service, inconsistent performance, loss of trusted lead partner or relationship manager, and a drop in attention all contribute significantly to switching behavior
- This can vary by service line, where Tax is easier to replace than Audit; pricing and associated communication should take stickiness and service breadth into account

Firms should communicate AI in terms of overall value – quality, control, turnaround time, and risk mitigation – not only efficiency or time saved

HOW DO CLIENTS EXPECT THE USE OF AI IN SERVICES TO IMPACT THE FOLLOWING*?



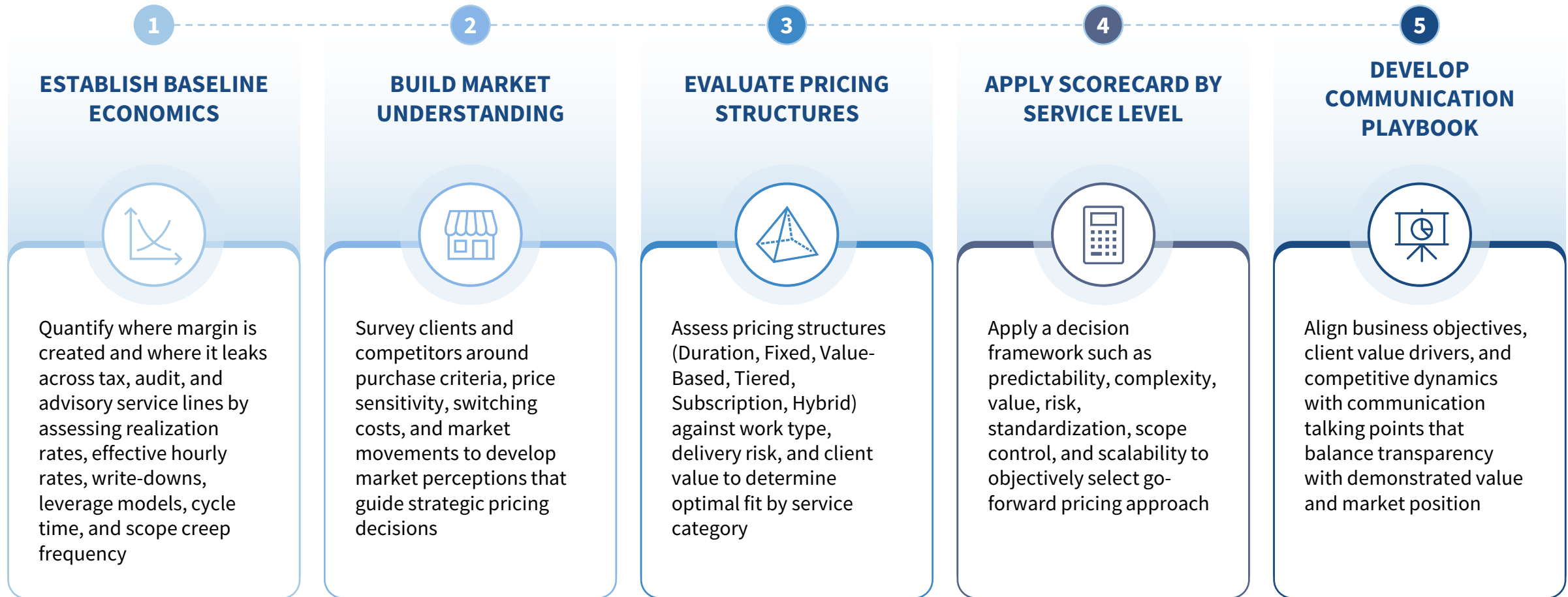
Centralized, Value-Based Messaging:

- Faster, more consistent outcomes
- Higher quality
- More customer-facing time
- Human review and increased risk mitigation
- Aligned to internal compliance needs
- Maintain professional expertise

Avoid:

- Blanket price increase or decrease statements that have downstream effects
- Focusing on speed or efficiency alone
- Making assumptions around how clients perceive value and AI effects

Leading firms invest in a holistic pricing strategy and internal structures and capabilities that enable ability to sustain and grow impact in the age of AI





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