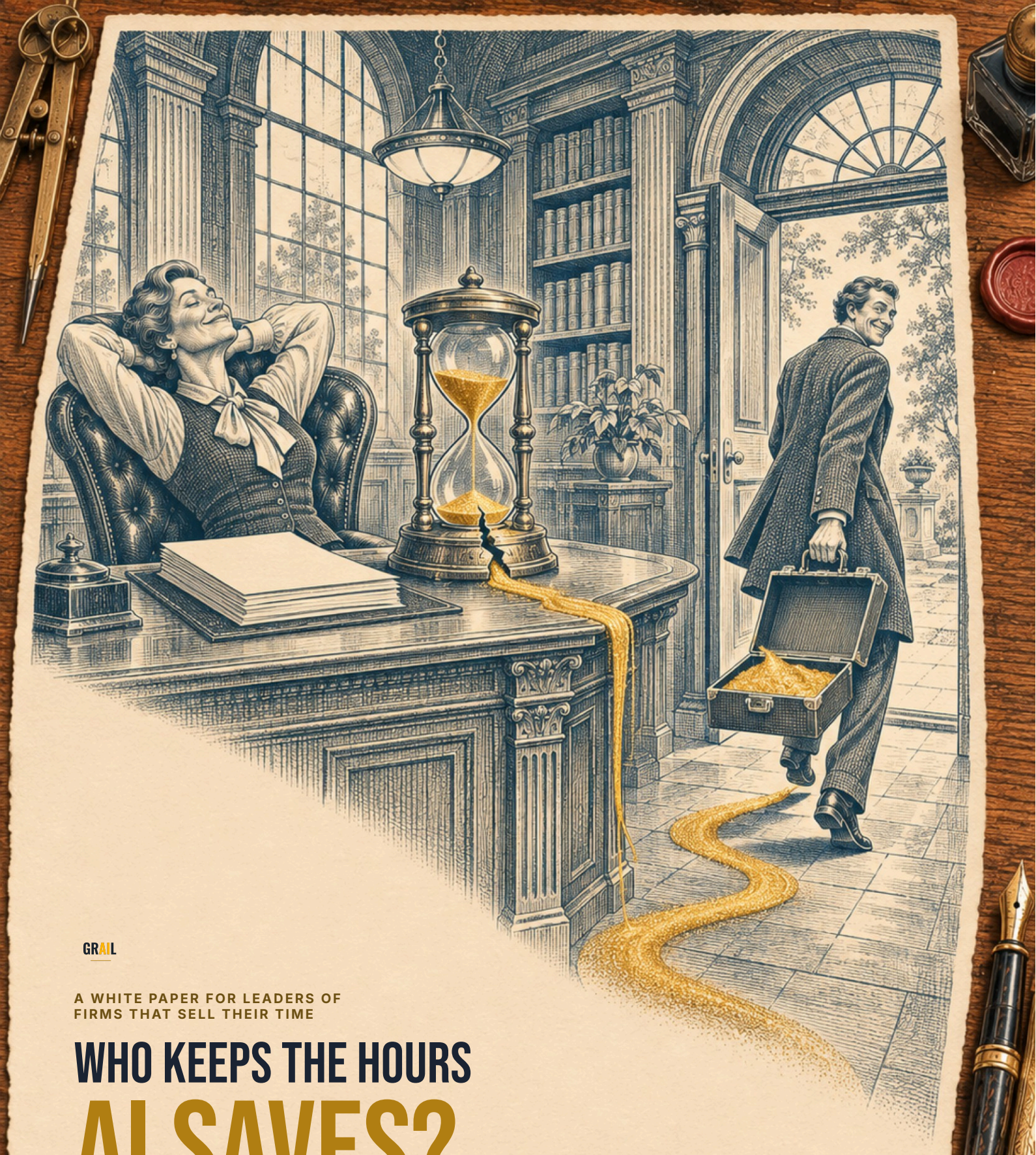


GRAIL

A WHITE PAPER FOR LEADERS OF FIRMS THAT SELL THEIR TIME

WHO KEEPS THE HOURS AI SAVES?

How to charge for expert work when the work gets faster.

JOHAN GRÖNSTEDT

WHERE IT STARTS

The work got faster. The invoice got *smaller*.

Picture work your team has delivered for years: a contract review, an audit file, a design. It used to take a small team most of a month. With AI it takes a week and a half, and the work is just as good.

Then the invoice goes out. You bill by the hour, so it is smaller than last time. Your people got faster, and your firm earned less for it. Nobody decided that. It is what hourly billing does when the work gets quicker.

Left alone, hourly billing hands the gain from your investment in AI to your customer.

Customers have noticed. Some large buyers already ask their outside lawyers to flag, on each invoice, where AI cut the hours. A firm that waits for that question will answer it on the customer's terms.

Most writing on AI stops at the problem. This paper is about what to do, in concrete terms.

PART ONE · HERE AND NOW — Who keeps the gain this year — PAGE 3

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Page 20 gathers the decisions and questions to take into your next leadership meeting.

PART ONE

HERE AND NOW

Who keeps the hours AI saves?

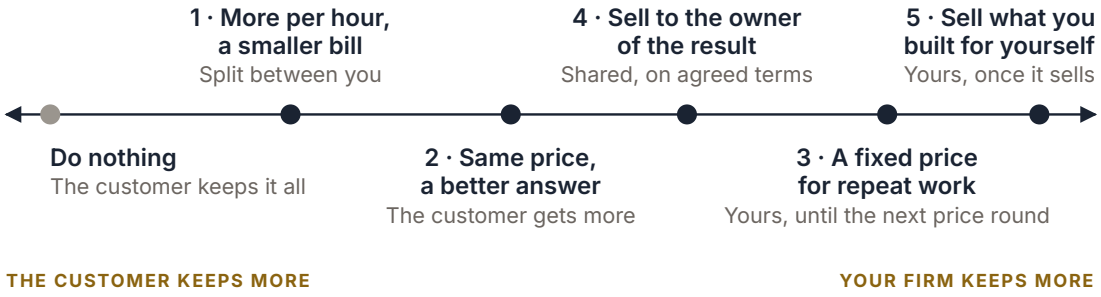
INSIDE

- Five ways to share the gain, and one way to lose it
- What each way does to who pays what, and to your firm
- Why one change is not enough

PART ONE · FIVE ANSWERS

Five ways to share the gain, and one way to *lose* it.

Every way of charging settles what goes on the invoice, who in the customer receives it, and what the customer believes it is buying. Change those and the gain moves. Most firms will use several of these ways at once, on different kinds of work.



The sixth way: do *nothing*

If you choose none of the five, your customer chooses for you. The invoice keeps shrinking as the hours do. Then the repeatable work starts to leave. A large customer with steady volume can now take some routine work in-house, with the same AI your people use.

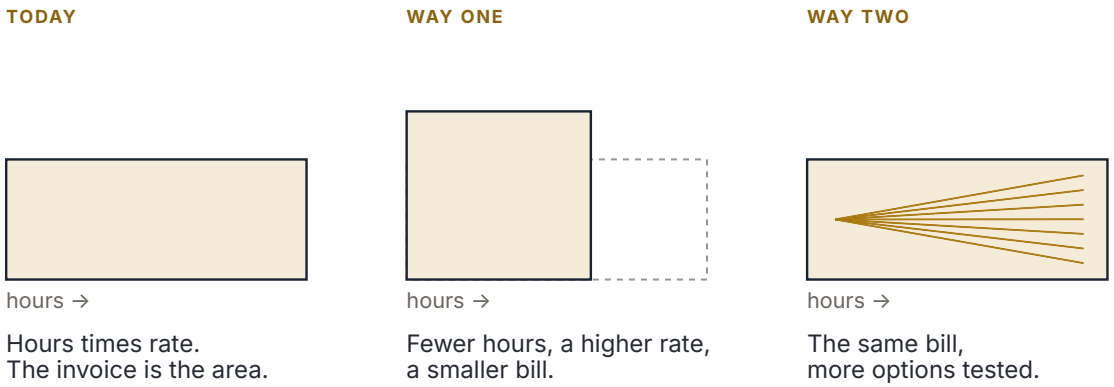
First the customer keeps the gain. Then it takes the work.

This has happened before. Software once sped up translation, bookkeeping, legal work, advertising and travel booking. Those trades kept charging the old way for years, and sold it cheaper each year. The very large won on scale and the narrow specialists won on depth. Firms in the middle had neither, and their customers took the routine work in-house.

PART ONE · WAY ONE

Charge more per hour, and send a smaller *bill*.

You go to the customer before they come to you. The work now takes fewer hours. You charge a higher rate for the hours that remain, and you guarantee that their total goes down. That works because the hours fall by more than the rate rises.



Hours times rate.
The invoice is the area.

Fewer hours, a higher rate,
a smaller bill.

The same bill,
more options tested.

The business logic. The invoice is still hours times a rate, under a ceiling on the total agreed up front. Purchasing approves the higher rate against the lower total. The customer pays less in total. You earn more for each hour you still bill, keep the account and take work from slower suppliers. The customer believes it bought the same experts with a promise of a lower total, and it will wonder whether the higher rate overpays.

What you do. Agree the starting point on real past jobs, so nobody can call it padded. Make the offer when a contract is renewed or a new scope starts. In the middle of a job it sounds like a price rise. Trade it for something you value, such as a longer contract or a wider scope. Then sell the freed time back to the same customer.

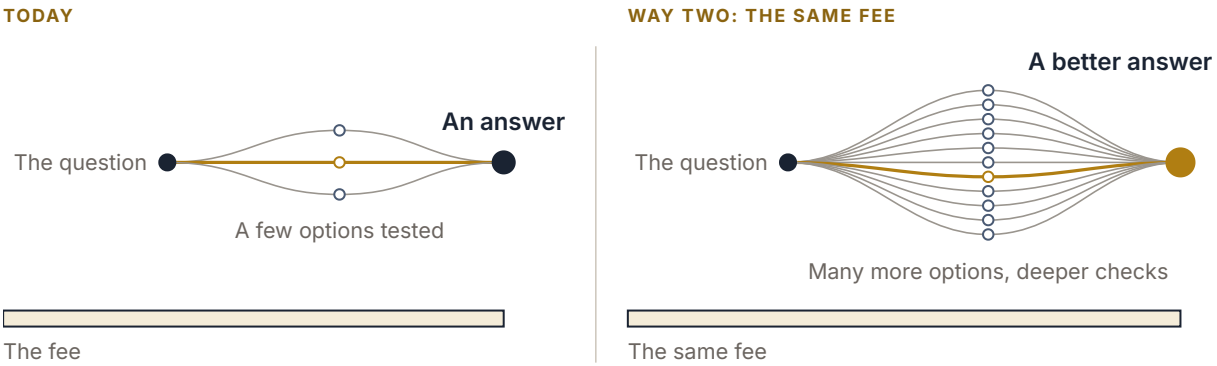
What it does to your firm. It protects revenue for a while and raises the floor under your rates. It turns you into the supplier who brought the saving, and it starts a new habit: talking to customers about results instead of hours. But every further hour saved still shrinks the invoice, and the rate can only climb so far. Use it as a bridge to fixed prices.

Where it breaks. When the hours fall faster than any rate can follow. When a public framework fixes the rates. When the freed people sit idle, because then you carry the cost and lose the revenue.

PART ONE · WAY TWO

Keep the price, and give a better *answer*.

Sometimes the customer does not want less work. In much expert work, the answer was limited by how many options anyone could afford to test: designs, scenarios, arguments, campaign ideas. AI lifts that limit, and the decision at the end is better.



It has happened before. When spreadsheets reached accounting, a day of sums took seconds. Fewer clerks were needed, yet the number of accountants grew, because clients asked them for more. What if we hire, borrow or charge less? Accountants became more valuable.

The hours AI saved go into a better answer instead of a smaller invoice.

The business logic. The invoice stays the usual fee, sent to the project owner. The customer gets more for the same money and believes it bought a better decision. You keep the fee and the relationship.

What you do. Name the extra and put it in the offer as part of what they buy. Options tested and risks checked are things a customer can see. Never give it away as free extra scope, or it becomes the new minimum.

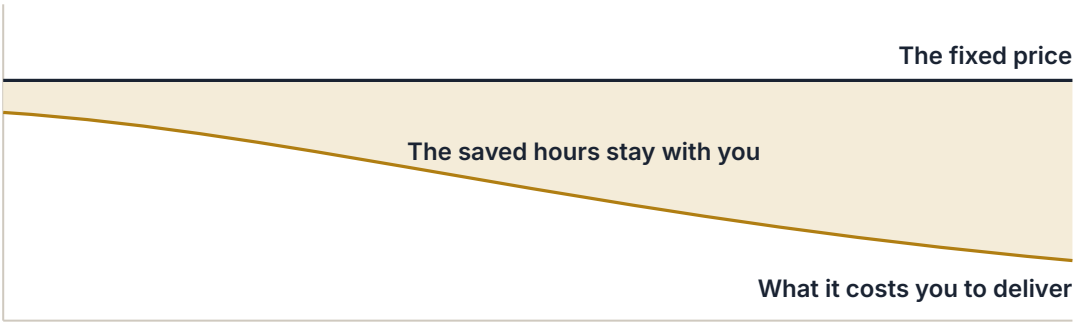
What it does to your firm. It holds the fee and sets you apart. Your people also get more interesting work as the routine part shrinks.

Where it breaks. On routine work, where the customer only wants the same answer for less. That work belongs in way one or way three.

PART ONE · WAY THREE

A fixed price for the work you do again and *again*.

When the price is fixed, a saved hour is yours. In our view, this is where most of the money is for a firm like yours, because much of the work repeats. It comes in two forms. A price per deliverable suits work with a clear end, like a review, an audit or a design. A price per month suits work the customer needs all the time, like monitoring or ongoing checks.



The business logic. You invoice an accepted deliverable, or a month of a running service, paid from a project or operating budget and approved by the person who accepts the result. Every hour you save is your margin, and you carry the risk of a wrong estimate. The customer gets a known cost and a known result. It believes it bought a named result, not people for hire, and may wonder what the work really costs you.

What you do. Start with work you have done many times and know the true cost of. Write down what is included, how the customer accepts it and what happens when something changes. Price the work of finding the scope separately when it is still unclear. Record what each job really costs, so the next price is better.

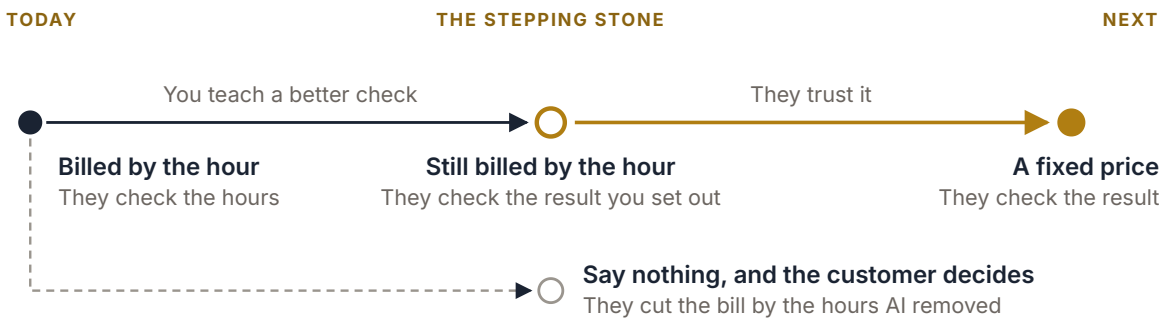
Fixed price rewards a firm that has redesigned how it works. A firm that puts a cap on an unchanged way of working has only given a discount.

Where it breaks. When the scope is loose, the estimate is hopeful or the customer is slow with its part.

Give the customer something better to *check*.

Every customer checks something. Under hourly billing it is the hours. When AI cuts them, the customer sees fewer hours and expects a smaller bill. Offer a fixed price instead, and some buyers work out the hourly rate it implies, decide it looks high and go back to buying by the hour.

If you do not decide what the customer checks, the customer will decide for you.



The stepping stone. Start before the price changes. Keep billing by the hour. Teach the customer to judge your work another way: the agreed result, what is done, what is still open and how a change is handled. Many customers still want to buy the old way, even when you are ready to offer a fixed price. So this step is needed anyway. Once they trust it, moving to a fixed price over the next six to twelve months is a small step.

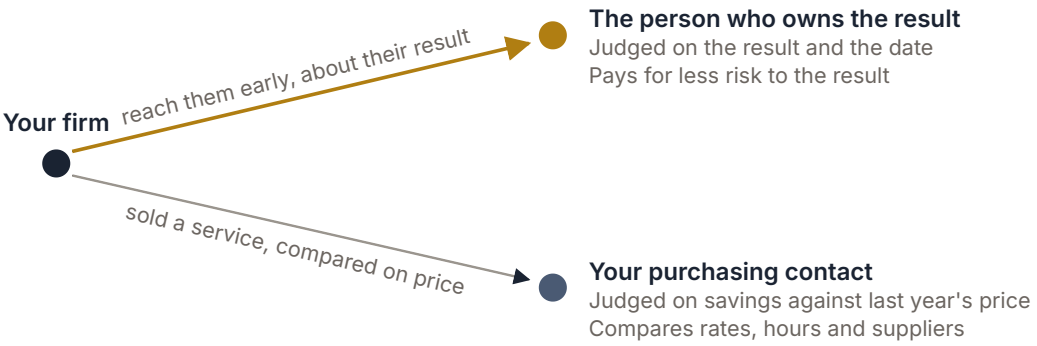
What it does to your firm. The gain from AI stays inside the firm instead of leaving with each invoice. The monthly form gives revenue you can see months ahead. Experts write their methods down, so the firm depends less on a few people and new staff learn faster. Your teams start to be judged on margin, quality and speed instead of hours billed, so they build faster ways of working.

What it asks of your firm. Each package needs an owner, a written method and a record of what every job cost. Ask for a deposit or payment at milestones, so you do not fund the customer's project. Run each package like a production line, with shared methods. For the monthly form you also become an operator: the customer pays for the service to run, whoever does the work.

PART ONE · WAY FOUR

Sell to the person who owns the *result*.

Your purchasing contact buys a service. Somewhere above them sits the person whose name is on the business case. It may be the finance director facing an audit, the general counsel facing a dispute, or the head of a project who promised a launch date. That person owns what your hours are for, and buys very differently.



What keeps them awake. A slipping date and a growing bill. A question from the board they cannot answer. Having picked the supplier that failed.

Why they weigh price differently. Purchasing is measured on savings against last year's price and a rate card. The owner is measured on the result. To them, a late launch, a failed audit or a lost dispute costs far more than any fee, and a loss weighs heavier than a gain of the same size. Careers end on overruns, especially overruns that reached the board too late. So the owner pays for less risk and for a choice they can defend. They are not blind to price, though. If you look like every other supplier, price decides again.

Reach them before they ask for *quotes*.

What you sell them. Less risk to their result. Offer a review of what could derail it, or a check of their plan against similar cases. Offer an early warning before a problem reaches the board. Report in a form they can take straight to their board.

How you reach them. Once the need is written down as a request for quotes, the conversation about value is over. If you only know the purchasing contact, ask who signs the business case, or start from a project manager you already work with. Earn the first meeting with something useful on its own, such as a short readiness review. The owner should be able to use it even if you never work together again.

Who invoices what. The price is set by the size of their problem, not by your hours. It is paid from the budget it protects, often the project budget itself. Put part of the fee at risk only on something you control and can measure. Never tie it to their profit or a single date. Then bring purchasing in to make the offer fair and easy to compare. An offer the buyer cannot check will not survive, however much the owner wants it.

How they defend it. The owner has to explain the purchase to a finance team and perhaps a board. Give them what they need: what changes in their project, how it will be measured and what they will report afterwards. Then it reads as protection for an investment they already own.

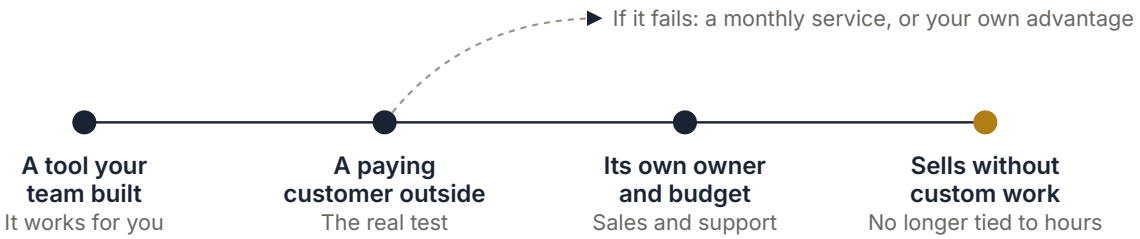
What it does to your firm. Your seniors end up in the meetings where investments are decided, which is where the next piece of work starts. It also asks for different people: seniors who can talk about the customer's business, and sellers who can find the owner.

Where it breaks. When you promise to carry what only the owner can carry. And when you go around purchasing instead of with them.

PART ONE · WAY FIVE

Sell the tools that made you *faster*.

The agents and tools your firm builds for its own work can sometimes be sold to others. Then the gain becomes a product.



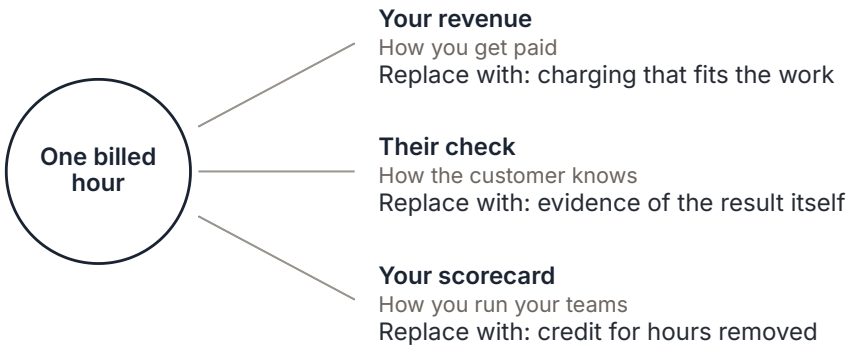
The business logic. You invoice a licence or a subscription, approved by IT and operations with security signing off, and paid from a software or operating budget. The gain is yours once it sells without custom work. But you pay to build and run it before anyone pays you, and custom work pulls it back into consulting. The customer believes it bought a product it runs itself, and it will ask whether it can ever switch away.

What it does to your firm. It is a different business. You pay before you earn: for the people who run the product, for support, for security and for the next version. Once it sells without custom work, revenue no longer depends on hours. Most such tools never get there. The few that do solve a problem many customers share, without changes for each one, and have their own people for sales and support.

What you do. A tool that saves your team time proves it works for you. Whether others will pay is a separate test. Run it with paying customers, give it an owner and a budget, and set a date to decide. If it fails the test, it can still become a monthly service or stay your own advantage.

The hour does three jobs. Replace each *one*.

None of the five ways works on its own, because the hour does more than set the price. A new way to charge replaces only the first job. Leave the other two in place and they rebuild the old model. The buyer's check rebuilds it from outside the firm, and your scorecard rebuilds it from inside.



The scorecard is the one most firms forget. As long as team leaders are judged on hours billed, they will not build the methods and agents that remove hours. Credit them for the hours they take out of a package, and the same people become the ones who make the firm faster.

Keep counting hours inside the firm, job by job, even where the customer stops paying for them. They are how you learn what a package really costs. And plan how your juniors learn the trade when AI takes their routine work. They can learn by checking what AI produces and by time with clients.

PART TWO

THE BIGGER QUESTION

What will customers pay for when the work itself is cheap?

Part one protects the business you have. Each time copying got cheap before, the money also moved to something new, often built by someone new. Part two looks at what that history tells you to ask today.

INSIDE

Lessons from earlier disruptions

What stays scarce in your business

What the change does to what your firm is worth

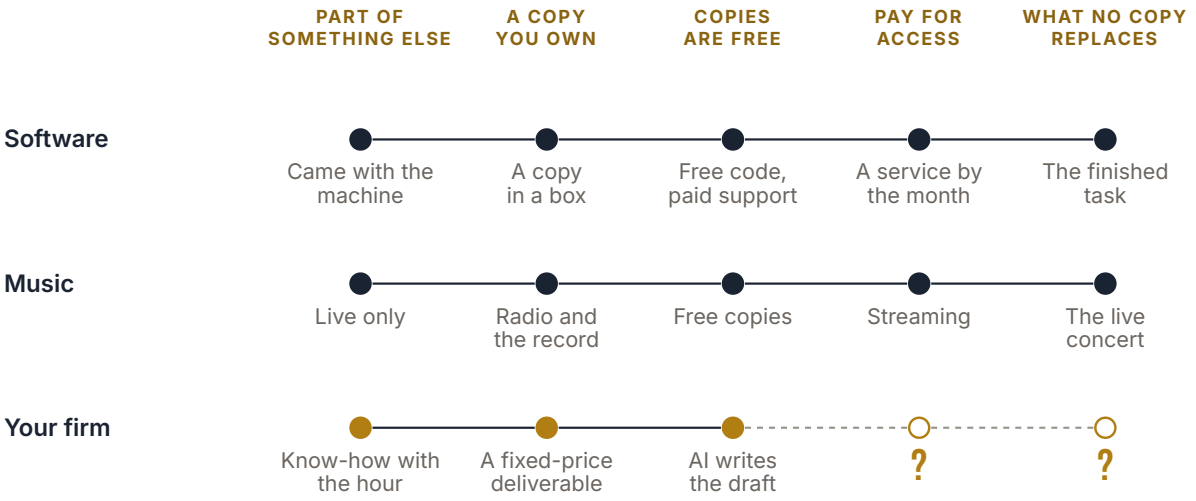
The questions to ask now

PART TWO · WHAT HISTORY SHOWS

Every time copying got cheap, the money *moved*.

Part one is about who keeps the gain this year. Part two asks a harder question. AI is making the draft, the analysis and the report cheap for everyone, your customers included. When that is done, what will they still pay you for?

This has happened many times before, and software and music show it most clearly. Each line below is one of them, stage by stage. The last line is your firm, and its last two stages are still open.



Software came with the machine, then sold as a copy in a box. When code could be copied at no cost, companies paid for tested versions, updates and someone to call, and then rented software as a service kept current by its maker. Music went from the room, to radio paid for by advertisers and the record you could buy, to free copies, to one monthly fee for everything. The live concert kept its price.

Each stage changed what the customer bought, and the price followed. And the first digital version almost always kept the old unit. The music store sold the same album as a download. The navigation box sold the same map with a screen on it. Both sold well for a while, until something new took over. Nobody selling discs predicted what that would be.

PART TWO · WHAT REPEATED

Six things that kept *happening*.



The money moved to what stayed scarce around the copy. When copying got cheap, the copy stopped paying. Support, access and the live show kept paying.



The first digital version kept the old unit. It sold for a while. Then a new unit took over, such as a running service or a finished task.



People moved from buying a thing to paying for a state someone keeps current. A map that updates itself. A program that is always the latest version.



Whoever owned the customer's front door took a share from everyone behind it. App stores and search engines took a cut from the makers who filled them.



The old leader seldom built the next business. The few that did let the new business compete with the old one. Or they carried a scarce right into it, or bought the newcomer.



Making the scarce thing did not mean keeping its value. Artists still give the concert, and venues and ticket sellers take their share.

A report written by AI and sold the old way may be that first digital version for your industry.

PART TWO · THE CONCERT

What stays scarce in your *business*.

In your business, AI makes the draft the copy. The concert is what happens when the work meets the real world and someone has to stand behind it. That is where to look first for what customers will still pay for.

AI IS MAKING THIS CHEAP		CLIENTS MAY STILL PAY FOR THIS
Finding and summing up what is known	→	**Judging what matters for this client**
Turning clear instructions into a draft	→	**A named expert who stands behind the result**
Producing many possible answers	→	**Choosing one when the facts are messy**
Writing down what should happen	→	**Making it work when the facts change**
Checking work against set rules	→	**An independent check others will accept**
Updating documents when asked	→	**Keeping the client's work up to date**

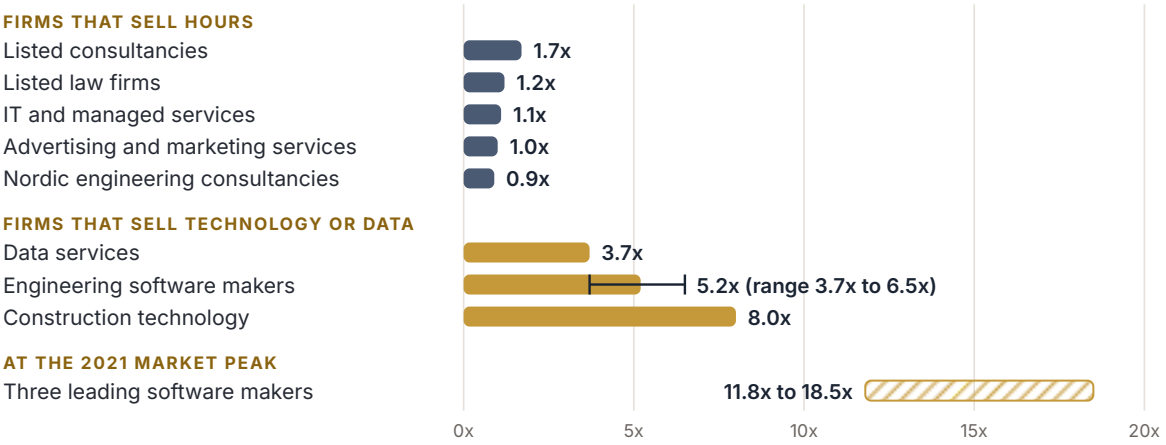
Early signs of the next stage are already visible. A law firm run on AI software has a regulator's approval and charges per legal step. An accounting firm rebuilt around AI charges a fixed monthly fee, and a named accountant signs off. A large engineering group has bought a start-up that automates design. Investors are buying traditional service firms in accounting, IT and other trades to rebuild them around AI.

Point six is the warning. Judgment staying valuable does not mean your firm gets paid for it. Software platforms want to own the workflow, and large customers can build their own. Investors buy up firms and join them into one service. If one of them owns the customer's front door, your firm becomes the capacity behind it.

PART TWO · THE OWNER'S VIEW

The third number: what the firm is *worth*.

A CEO is judged on three numbers: revenue, profit, and what the company is worth. For an owner the third often matters most, and a partnership that never sells still feels it in profit per partner. The market values a firm that sells hours at about one year's revenue, and a firm that sells technology or data at several.

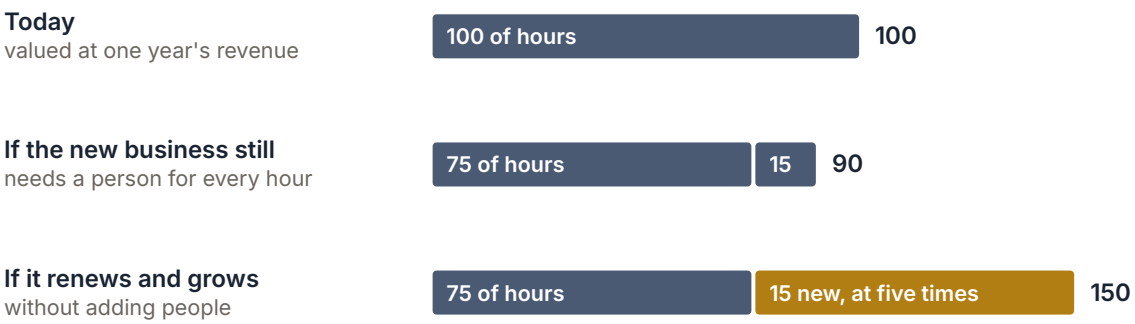


What a firm is valued at, in years of revenue (1x is one year). Sources at the foot of the next page.

The lesson is narrower than "become a software company". What the market rewarded was revenue that renews and grows faster than the people needed to deliver it. Whatever forms this time will face that test, at today's prices rather than the peak's.

What the change does to the firm's *value*.

An illustration, not a forecast. A firm sells hours for 100 a year and is valued at one year's revenue, 100. AI takes away a tenth of the work. Of the revenue left, 75 stays as hours and 15 moves into a new kind of business. What the firm is worth now depends on what that new business is like. Revenue fell by a tenth either way.



1 **Your packages raise value too.** When a fixed price lets you keep the hours you save, profit rises. The firm is then worth more at the same multiple of profit.

2 **Expect a dip first.** Two large software makers that switched from licences to subscriptions reported 8 and 19 percent less revenue that year, because subscriptions are paid over time. Their value rose afterwards.

3 **A small new line does not lift the whole firm.** Investors value each part on its own. Give the new business its own accounts, customers and numbers.

4 **Doing nothing has a price.** Measured against profit, large listed IT services firms in India were valued at about 18 times in mid-2025 and about 10 times a year later, as AI put their hours in doubt and growth slowed.

Enterprise value over yearly revenue, listed firms only, small samples, dated December 2025 to November 2026. Consultancies: four US firms, S&P Global. Law: three UK firms, Multiples.vc. IT and managed services: Laurent Capital. Advertising, marketing and data services: Clearsight Advisors. Nordic engineering: Inderes. Engineering software: Shea & Company. Construction technology: Harris Williams. Peak: three software makers. Revenue dips: their annual reports. India: EY. Medians, except data services (average).

PART TWO · POSSIBLE ANSWERS

What an answer might look *like*.

Nobody knows what will form around expert work this time. Last time it was software, sold as a running service. This time it may be something that has no name yet. Here are five possible answers, to show what one looks like. They are not predictions. Each sells something likely to stay scarce instead of hours. Yours may be none of them.

THE NEW BUSINESS	WHO PAYS	WHAT STAYS SCARCE	LIKE THIS, FROM HISTORY
Keeping something up to date Compliance, the books, or the documentation of a system or asset, kept up to date every month	Clients who must always be ready	Current evidence, and someone accountable for it	Software rented by the month
Getting clients through approval Taking a client through an approval, an audit, a certification or a deal	Whoever is waiting for the approval	Knowing how approvals work, and the people who give them	Paying for the finished task, not the tool
An expert on call Someone who can decide and sign when something goes wrong	Clients who cannot afford to stop	Judgment that can act now	The live concert
Evidence from past work What worked, what failed and why, across many cases	Clients, insurers and makers of AI tools	Data from real jobs you are allowed to reuse	Live traffic data behind a free map
Checking work done by AI Independent checks of what AI produced	Clients, insurers and regulators	Independence, and a method others trust	Paying for tested, supported versions of free software

BOTH PARTS · WHAT TO TAKE INTO THE ROOM

What to decide now, and what to *ask*.

PART ONE · HERE AND NOW

Decide this year

Which work goes first? Go through your work one piece at a time. Where the scope is clear, the result is yours to control and the know-how repeats, make two fixed-price packages first.

What replaces the hours? What will your customers see instead of hours, and on which account do you start?

Who owns the result? Who is it at your biggest customer, and when do you meet them, before they next ask for quotes?

How are leaders judged? What do team leaders get credit for while they build faster ways of working?

What do you let go? Which work will you let customers take in-house, and which will you keep?

PART TWO · THE BIGGER QUESTION

Ask now

What stays scarce? What is getting cheap for everyone, and what around it is not?

Are we building a bridge? Which of our AI work sells the old thing faster, and which is new?

What is not counted in hours? What would customers pay for that has nothing to do with our time?

Who owns the front door? Which part of the client relationship will we never hand over?

What may compete with us? Which part of today's business may a new one replace?

What do we get to keep? Do our contracts let us reuse what we learn from our work?

Waiting is a *decision* too

Start with one option. Pick one kind of work your customers pay to redo again and again, and sell it in a new way. Give it its own owner and budget, and never judge it by hours. History is clear on one point: the new business gets built either way. Waiting only decides who builds it.

WORK THROUGH IT WITH US

GRAIL helps leadership teams of firms that sell their time make these choices. That runs from sorting the work to the first package a customer buys. Read more, or book a conversation:

WWW.GRAIL.WORKS