An Industry Briefing from GRAIL

The Practice Is Worth What Your Partners Know About Their Clients

Audit & Assurance

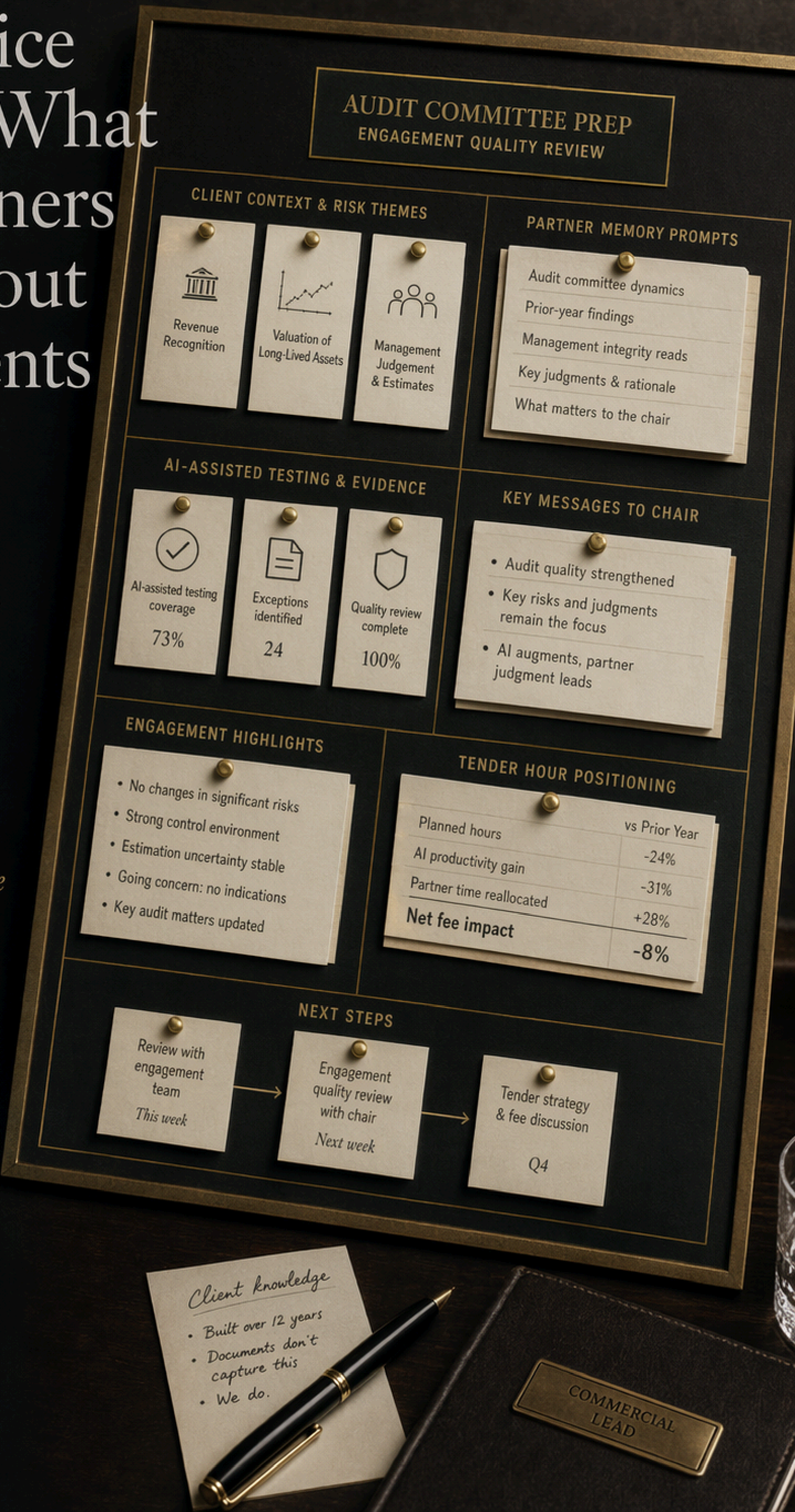
You have seen this in your partner meeting

"The audit committee chair is already asking your partners about AI-assisted testing. The question is being asked in the engagement quality review, not in the tender. By the time it reaches the tender, you have lost the conversation."

01 Why are we losing tenders to Big Four firms on hours?

02 Where are our senior partners actually spending their hours?

03 What infrastructure stands behind our CSRD capability?



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EXECUTIVE SUMMARY

You have seen this in your partner meeting

Every managing partner at a mid-sized audit and assurance firm in Europe has had the same Monday morning. Two conversations last week. The audit committee chair of your second-largest client asked, during the engagement quality review, why your team does not use AI-assisted testing tools like their previous firm used. Not a hostile question. A sincere one. Later the same week, a long-standing client calls to ask for a CSRD readiness assessment. You ask your best sustainability-aware partner if she can lead it. She says yes. Then she asks whether the firm has a CSRD methodology yet or whether she is building it from scratch on this engagement. You do not have a clean answer.

You have done this job for twenty years. The pattern used to be simple. Build an audit book of clients who trust the firm's quality. Qualify the next partner cohort. Keep the regulators comfortable. Grow advisory where the client opens the door. The model worked for forty years.

Something changed in the last twenty-four months. Your tenders are being quoted at fewer hours by Big Four firms running AI-assisted audit platforms. Your senior partners spend thirty to forty percent of their chargeable time on review work AI can produce to a higher standard. Your CSRD pipeline is thinner than the market warrants and landing on one partner's desk at a time. Your best senior managers are leaving for in-house roles faster than the firm can promote. The four things feel like four problems. They are one problem.

The audit methodology is prescribed and regulated. The firm's knowledge infrastructure is not. The Big Four are industrialising the prescribed production work and keeping the knowledge infrastructure for themselves. The managing partners who see this as four separate problems fight on four fronts. The ones who see it as one problem run one coherent play.

This briefing covers what is happening in your industry, what it means for your partnership and your client book, and three questions your managing board should answer before the next partner meeting.

LENS ONE · YOUR INDUSTRY

Mid-market audit just lost the model that ran it for forty years

Your firm has carried a statutory audit base and an advisory layer for four decades. The audit base (statutory audit, regulated assurance, routine compliance work) paid for the partnership infrastructure. The advisory layer (risk advisory, internal audit, regulatory advice) grew slowly and profitably on top. Every wave of change your industry absorbed in that time came from regulation, not from production economics. Your clients still needed the file done. You still charged by the hour.

AI behaves differently. The client still needs the statutory audit, the going-concern opinion, the key audit matters disclosed. The methodology is unchanged and the regulator has not moved. But the production time on routine testing, working paper generation, and documentation compresses by thirty to forty percent once a firm runs one of the new platforms. Big Four firms (Deloitte Omnia, KPMG Ignite, EY's tax agents, PwC GL.ai) do this today with hundreds of millions invested. Fieldguide, backed by Goldman and adopted across BDO Nordic and multiple mid-market peers, is bringing the same capability into the mid-market. Fee quotes on audit renewals are now coming back five to ten percent lower, and the direction of travel is one way.

> *The audit committee chair is already asking your partners about AI-assisted testing. The question is being asked in the engagement quality review, not in the tender. By the time it reaches the tender, you have lost the conversation.*

The squeeze is not only from the cost side. CSRD assurance — the first new audit market in a generation — just got narrower and higher-value at the same time. Omnibus I reduced scope by roughly 85 percent, and the remaining 7,500 mandates concentrate in larger companies at €150,000 to €400,000 per engagement. The Big Four will industrialise this in 18 to 24 months. And graduate attrition has moved from 28 percent in corporate roles to 41 percent in public accounting over three years, because the work AI should be doing is still what juniors do. Four pressures at once. The firms that read this as four problems plan four responses. The firms that read this as one problem make one move.

Your partners, your tenders, and your bench are feeling it every day

Your senior partners. Three of your top five audit partners are within five years of retirement. Between them they carry the client relationships that produce the bulk of firm revenue. The knowledge they hold is 20 years of audit committee dynamics, prior-year judgments, management integrity reads, and the reasons an estimate carries the risk it carries. You have never written it down. Neither have they. When they rotate off under partner-rotation rules, the standard handover is a warm introduction and a hope the trust transfers. It almost never fully does.

Your tenders and your proposals. Tenders going to Big Four firms are not losing on quality. They are losing on hours quoted. The Big Four quote twenty to thirty percent fewer hours at the same or higher fee per hour, citing AI-assisted testing. Your advisory and CSRD proposals are losing to boutiques that write three specific pages about the client's sector exposures where you write six generic. Your partners have the specificity. Your proposal process does not get it out of their heads in time.

Your partner time. A senior partner spends 30 to 40 percent of their chargeable time reviewing working papers and routine testing AI could produce to a higher standard. That is the partnership's scarcest asset on the file's lowest-judgment work. The firms pulling ahead are redeploying that time into the risk conversations with the CFO, the audit committee dynamics, and the CSRD practice build. The firms defending the old model pay senior partners to review tick-and-tie.

Your senior managers and juniors. 41 percent of graduates leave public accounting within three years, against 28 percent in corporate roles. Your best senior managers are leaving for in-house audit or CFO-track industry roles faster than you can promote them. The work AI should be doing is still what juniors do, and they know it. Firms that deploy AI augmentation see 25 percent higher retention because the work juniors do changes. Tick-and-tie drops out, judgment and client exposure come in. Your retention problem and your AI opportunity are the same problem.

Your CSRD practice. You have one or two partners who can credibly lead a CSRD engagement. They are building the firm's methodology one engagement at a time, in the margin of their existing workload. Every new mandate starts from their head, not from firm infrastructure. In 18 months the Big Four will have industrialised CSRD, and the remaining 7,500 mandates will be competed on depth of institutional capability. That capability is built this year or it is not built in time.

METHODOLOGY. KNOWLEDGE. MARKET.

The firms pulling ahead are running one move, not four

Your industry is compressing because AI takes production cost out of statutory audit. Your firm is compressing because tenders quote fewer hours, partners spend time on work AI does better, and CSRD is landing on single desks rather than on firm infrastructure. Same force, three altitudes. And there is a fourth thing happening that most managing partners have not named yet, which matters more than the other three.

You are not defending a regulated profession under structural cost attack. You are running a regulated knowledge business. The regulator protects the methodology. ISA, IAASB, the FRC, local standards all keep the audit itself from being commoditised to zero. That is the moat that keeps your firm from being disintermediated by software. But the regulator does not protect the margin, the market position, or the knowledge layer. Everything above the methodology is yours to build or fail to build. And it is where the 2026-2030 competitive position is being decided.

Every partner retirement over the next five years is an asset write-down your P&L does not see for twelve to eighteen months, when the client relationship fails to transfer and the audit work rotates to another firm at the next tender. The firms winning the 2030 position are extracting the engagement knowledge, the sector expertise, and the CSRD methodology into firm-owned infrastructure that every partner operates inside, before the senior partners leave. The firms losing are still hoping personal introduction does the work. The difference is operator judgment, not technology availability. Both firms have the same AI.

> *Your competitors who get this will carry their engagement knowledge on the firm by 2028, not on rotating partners. Their junior partners will write advisory and CSRD proposals more specific than a boutique can match. Their audit margin will hold because senior partner time was redeployed, not cut. Four problems compounding into one capability. This is what the next eighteen to twenty-four months look like if you do not move.*

You have eighteen to twenty-four months. The AI adoption debate is over. Your question now is whether the managing board acts on it, or waits until the first lost CSRD mandate and the first audit committee switch prove the cost.

TWO PATHS

What most firms are doing. What the winners are doing instead.

Every managing partner has had the AI conversation. Most are making the same four decisions. A smaller group is making different ones. The difference is whether AI is treated as a production tool or as the moves that reshape how the firm holds its clients and its knowledge.

THE DEFAULT PATH	THE WINNERS' PATH
Buy an audit platform and call it the AI strategy Procure a platform. Train engagement teams. Declare the AI programme done.	**Build firm-owned knowledge on top of the platform** Platform handles production. The firm captures engagement learning, sector expertise, and CSRD methodology into its own infrastructure.
Staff CSRD opportunistically from the existing pool Assign the next CSRD mandate to whichever sustainability-aware partner is free. Repeat each engagement.	**Treat CSRD as a methodology sprint, not a staffing exercise** Build the firm's CSRD methodology and capture every engagement's learning. Win the next mandate on depth, not availability.
Hope partner rotation preserves the audit relationship Rotate the engagement partner. Introduce the successor. Watch the next tender be reopened when the relationship weakens.	**Encode the engagement knowledge before rotation** Prior-year findings, client dynamics, judgments made, risk rationale structured into firm-owned knowledge any partner can query.
Wait for the board to approve a transformation programme Debate the scope. Commission a diagnostic. Spend nine months before any capability ships.	**Start with three workshops and working tools in-hand the same week** No IT project. No full board approval needed to begin. The capability shows up in the next client meeting.

> *Same eighteen months. Same technology available. Opposite outcomes. The difference is the operator, not the AI.*

THREE QUESTIONS

Win rate. Partner time. CSRD infrastructure.

Three questions every managing partner is tracking. None of them used to be the same question. They are now.

01 · WIN RATE

Why are we losing tenders to Big Four firms on hours?

Big Four firms running AI-assisted platforms quote twenty to thirty percent fewer hours at the same fee per hour. You are not being outbid on quality. You are being costed out. The firms pulling ahead are closing the hours gap with their own platform adoption while defending quality with firm-owned knowledge infrastructure. The ones defending the old model are watching tenders migrate every renewal cycle.

02 · PARTNER TIME

Where are our senior partners actually spending their hours?

Thirty to forty percent of senior partner chargeable time goes to reviewing working papers and testing documentation AI could produce to a higher standard. That is your most scarce asset on the lowest-judgment work in the file. The firms pulling ahead are redeploying that time into risk conversations, audit committee dynamics, and CSRD practice build. The firms losing are paying senior partners to review tick-and-tie.

03 · CSRD

What infrastructure stands behind our CSRD capability?

Omnibus I cut CSRD scope by 85 percent, but the remaining 7,500 mandates concentrate in larger clients at €150-400K each. The Big Four will industrialise CSRD in 18-24 months. Your methodology is on one or two partners' desks. The firms building structured expertise now win the relationships for a decade. Every mandate staffed opportunistically today is a relationship landing with someone else in 2027.

FOUR MOVES

What the firms winning this play are actually doing

Four concrete moves any managing partner can start this quarter. Each addresses one lever. Together they fuse the firm's commercial motion into one system.

1

CSRD: turn the methodology from one partner's desk into firm infrastructure

The 7,500 remaining CSRD mandates get competed on institutional capability in 18 months. A CSRD methodology agent captures every engagement's learning (materiality, ESRS scoping, sector risk patterns, stakeholder approach) into firm-owned institutional knowledge. Every new mandate starts from accumulated learning. Every new partner ramps in months, not years. Longest lead time, narrowest window.

2

Engagement knowledge: encode what your partners know before rotation

Prior-year findings, judgments made, management integrity reads, audit committee dynamics, estimate risk rationale. Twenty years of engagement content structured into firm-owned client knowledge any partner can query. Partner rotation stops being a knowledge reset. The successor picks up the engagement with the firm's full memory in front of them.

3

Proposal specificity: stop losing advisory and CSRD tenders on generic pages

Your advisory and CSRD proposals are losing to boutiques that write three specific pages where you write six generic. A proposal drafting agent tuned to the firm's accumulated engagement history, sector expertise, and the client's public disclosures produces a first draft under a day. The partner shapes. Win rate rises on specificity, not on fee.

4

Partner time: redeploy senior capacity from review to judgment

AI handles first-pass production of working papers and routine testing documentation. Senior partners review exceptions rather than line items. Production time per engagement drops thirty to forty percent. The scarce asset (senior partner judgment) redeploys into risk conversations where quality is defended, and into CSRD practice build where the next market is captured.

The only firm that joins the partner room to the working tools

The managing partner in 2026 has four places to go for help. None of them does what we do.

The audit technology platforms. Fieldguide, AuditBoard, TeamMate, MindBridge sell a methodology platform to the head of audit technology. They cannot have the partner-room conversation about CSRD, advisory mix, and partner retention. Their economics require you stay on their platform. They build their asset, not yours.

The Big Four firm networks as franchisors. The alternative on offer is licensing methodology or joining a global network. That does not build your own position against the Big Four. It converts you into a downstream feeder and concedes the pricing power.

The Big Four advisory arms. They will write you a two-million-euro transformation deck. They cannot put a working CSRD methodology agent in your partners' hands in three weeks because their cost structure requires analyst hours. You can have their deck or their tool. Not both.

The CSRD specialist boutiques. These are not advisors you can hire. They are the competitors winning your advisory and CSRD proposals today. Bringing them in is bringing in the threat.

> *The market offers four things you have already said no to. GRAIL is the fifth option.*

WHAT YOU GET

- Senior advisory that speaks partner-room, not strategy-deck
- Working tools your partners use the same week
- Custom agents built on your clients, your sector expertise
- The start of firm-owned knowledge infrastructure
- No vendor lock-in at any phase of the engagement

WHY IT MATTERS

- Founded by operators who have built and run practices
- Business first, technology second
- Three weeks from first meeting to working tools
- Your firm keeps the tools. You own the IP
- Every next step earned by what just shipped

Three sessions with your managing board. Working tools from week one.

We start with the managing board because the change cannot outrun the partnership's personal understanding of what is possible. Three workshops. Each delivers standalone value. Each earns the right to the next.

WORKSHOP 01

How to think

Walk through what is happening in your industry and your firm. Build the first working tool in the room: a CSRD-methodology agent trained on one of your real engagements, or a proposal-drafting agent trained on a real tender. Your managing board leaves with a shared view of what to do and the first tool already in hand.

WORKSHOP 02

Your partners' tools

A half-day activation. Each member of your managing board leaves with five to ten working tools tuned to their clients, their sector, their engagement patterns. Engagement research. Proposal drafting. Regulatory monitoring. CSRD methodology application. Tools your partners are using the same week, not slides about tools.

WORKSHOP 03

Ready to roll

Refined tools based on real use. The rollout plan to the wider partnership. The engagement-knowledge-capture plan for your senior partners. The CSRD practice roadmap tied to the next eighteen months. And the managing board conversation with numbers your equity partners can check, not a deck they cannot argue with.

> *Three weeks. No IT project. No managing board approval needed to start. The tools your partners are using when we finish.*

FIVE QUESTIONS

For your next managing board meeting

The questions where your managing board cannot agree on an answer are the ones worth an hour on the agenda. Ask these honestly.

> *Of the last ten tenders you lost, how many went to Big Four firms quoting fewer hours at the same or higher fee per hour? What closes the hours gap without conceding the quality argument?*

> *Where is your average senior partner spending their chargeable hours today, and where would they need to spend them to grow advisory and CSRD revenue without adding headcount?*

> *If your top three audit partners rotated off next cycle, what would happen to the engagement knowledge they carry? What have you actually transferred to firm-owned infrastructure in the last twelve months?*

> *What stands behind your CSRD capability beyond the one or two partners carrying it today? Is there a firm methodology a new partner could pick up and run with tomorrow?*

> *Which of your senior managers is already producing advisory proposals the boutiques cannot match? What would it take for that to be the firm default, not one manager's gift?*

> *If any of these produces a disagreement in your managing board, that is the conversation worth having before the next lost CSRD mandate lands.*

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