

AN INDUSTRY BRIEFING FROM GRAIL

# What's Changing in How You Price Capital

---

*Your next €3M of partner capital. The realisation forecast you sign. The partner-equity thesis the room recites back. Three questions that look separate, but are one. A briefing for CFOs at mid-market European professional services firms.*

---

PREPARED BY

Johan Grönstedt · GRAIL

FOR

European mid-market  
professional services CFOs

DATE

April 2026

# Thursday morning, audit committee on Friday

---

Every CFO at a mid-sized European professional services firm has had the same Thursday morning. Four things on the screen at 8:30. Realisation printed at 86% against an 89% plan, the second consecutive quarter below. Two of your senior partners took a call last month from an AI-native competitor with Warburg Pincus behind it, and one has gone quiet since. Your COO wants €3M to build a firm-wide AI platform, and the one-page says "technology infrastructure investment." Your PE sponsor's partner forwarded the Bloomberg story on the industry EBITDA at a five-year low with a single line: "curious how you think this plays for us before Friday's capital call."

You have signed fifteen realisation forecasts for this audit committee. The pattern used to be simple. Hold the rate card, hold utilisation, grow the partner profit pool. Close the quarter clean. Keep the audit committee and the remuneration committee aligned. The partnership was understandable.

Something changed. Your realisation is drifting and your team cannot reconstruct the practice-level story. Your AI capital is running through the IT budget as a productivity line. Your AI-native competitors are pricing per outcome, your book is on the billable hour, and client procurement teams are putting both quotes side by side. Your Controllers are closing the partner-compensation reconciliation faster than ever, and the audit committee is asking about traceability on the agentic tools your practices are already running. The close is clean. The partnership economics underneath it are not.

The job has not changed in fifty years. The bar has risen on every measure of doing it, simultaneously, and the contradictions you have been navigating since you took the seat are suddenly re-openable. The CFOs who treat them as engineering problems run the offensive play. The ones who treat them as permanent trade-offs watch partner-capital authority slide toward the COO and the Head of Technology inside eighteen months.

*This briefing covers what is happening in your sector, what it means for the finance function you run, and the three questions your team should answer before the next audit committee.*

# The leverage pyramid that funded the partnership for fifty years is inverting

---

Every practice line in the firm runs on the same economic architecture. Senior partners hold the client relationships. Junior production staff do the work at a fraction of the cost. The margin is the spread between what the client pays and what the juniors cost, multiplied by utilisation. That architecture has funded consulting, legal, audit, and accountancy for fifty years. It is now breaking, because fifty to seventy percent of billable revenue comes from junior hours, and junior hours are the most AI-compressible layer in the business. The work gets done faster. Utilisation holds. But the client procurement team has noticed, the rate sheet is under quiet pressure, and realisation is drifting three to five points below plan across the market.

Your competitors are not waiting. AI-native entrants with venture and PE capital behind them are staffing without a pyramid and pricing per outcome, per engagement, per resolved matter. Warburg Pincus put \$300M into Unity Advisory on the thesis that the leverage model is finished. A handful of YC-backed entrants are quoting ninety percent cost reductions on due diligence and data-heavy work. The firms moving first in the mid-market are either buying these entrants as tuck-ins or quietly rewriting their own rate card on AI-augmented tiers. Industry EBITDA is at a five-year low (9.8%). Utilisation is still 68.9%. The numbers that used to move together are now moving in opposite directions. Realisation is the one that matters.

*Your client value is rising. Your revenue per matter is not. That is not a practice-management problem. It is a pricing decision the finance seat has not yet claimed.*

The Partner Pipeline Paradox sits underneath all of this. The work that trained a junior into a senior into a partner is the work that is running on agents in 2026. PwC committed \$1B to AI training on this problem and has published no proven solution. Nobody has a credible answer yet. Which means the firm that solves it first has a ten-year talent advantage, and the firms that cut the junior layer without rebuilding the pathway are walking into a succession crisis that lands in 2031 with no internal candidates.

# Your partner capital, your realisation, and your equity story are feeling it

---

**Your partner capital.** Your COO's €3M AI-platform request is sitting in the IT budget, routed through the same mechanism you use to sign off on laptops and software licences. It is not a tooling request. It is the largest single partner-capital decision the firm will make this decade, and it deserves the same discipline you bring to a roll-up acquisition or a rainmaker retention package. The CFOs that present this as a capital line to the partnership, with alternatives analysis and an ROIC hurdle, keep authorship for the next ten years. The ones that sign the requisition hand authorship to the COO and the Head of Technology by default.

**Your realisation forecast.** The partnership voted on an 89% realisation plan. The Q3 print came in at 86%. Your Head of FP&A cannot reconstruct the practice-level story because the scope-creep signal lives in matter notes, the client pricing-pressure signal lives in procurement benchmarks the finance team has never seen, and the junior-hour compression signal lives in timesheet behaviour the Head of Practice sees weeks before the Controller does. The plan is not wrong because the forecast was aggressive. It is exposed because the data architecture underneath it was built for monthly reconciliation, not for continuous reconstruction of the realisation story.

**Your rate-card architecture.** The partnership voted on a pricing strategy that assumed AI-augmented work would price like human-hour work. It doesn't. Your AI-native competitors are on three pricing mechanics. You are on one. The billable-hour rate sheet that ran clean from 1998 to 2022 is now the reason realisation is drifting on the matters where the client comparison is clearest. Rate-card architecture is not a practice-management question. It is a partner-capital question about where the moat gets built.

**Your controller and FP&A bench.** The journal entries, matter-level reconciliation, standard variance commentary, partner-compensation allocation, and first-draft audit-committee pack generation that used to train a junior controller into a Senior Controller into a Head of FP&A are now running on agents. The Q1 headcount win is real. The 2031 bench is empty. The finance function that cuts the junior layer without rebuilding the entry pathway has a cheaper quarter this year and no internal CFO candidate in five.

**Your partner-equity thesis.** The audit committee has asked for the strategy-day preview. The remuneration committee has asked for a partner-compensation AI impact note. Your sponsor's partner has asked how the firm stays ahead of AI-native entrants. Three audiences, three different documents, each drafted by a different practice, each running on different numbers. The CFOs pulling ahead write the thesis once and let the three audiences draw from the same data architecture. The ones behind them are editing three decks and hoping the numbers reconcile.

# You do not have three scorecard problems. You have one.

---

Your sector is repricing from below because AI-native entrants bring three pricing mechanics to the table and the rest of the market is on the billable hour. Your finance function is stretched because partner-capital authority, realisation credibility, and the equity story are each being managed as a separate programme, each drawing on a different data layer, each drafted by a different team. Same force, two altitudes. But there is a third thing happening that most mid-market professional services CFOs have not named yet, and it is the one that matters most.

Partner-capital allocation without realisation credibility is guessing. Realisation credibility without an equity story is scorekeeping. An equity story without a data architecture underneath it is marketing. The finance seat that holds all three holds one integrated asset, not three separate programmes. Every capital-allocation question, every realisation-credibility gap, every narrative weakness is a symptom of the same missing layer: the capital-intelligence infrastructure that feeds all three from the same matter data, client data, partner data, and pricing data, on the same governance, on the same discipline.

This is your partnership's version of the capital-structure decision of the 1990s. Every CFO in your cohort is making it right now, whether they see it or not. The partnerships that professionalised capital allocation at the last structural inflection kept partner-equity authority for the next twenty years. The ones that treated the question as an IT or an operations decision watched the Head of Technology take a board seat and the next CFO hire come from outside. The shape is the same. The asset under decision is different. The cost of getting it wrong in 2026 is compressed into eighteen months instead of five years.

*You can tell which camp a firm is in from a single question. Can your team answer any material audit-committee or remuneration-committee question by walking the same data, in the same meeting, with the same numbers? Most mid-market partnerships cannot. The ones that can have already made the shift, and they are the ones the market is already valuing differently.*

You have twelve to eighteen months. The AI-native entrants are priced and capitalised. The CFOs who own this decision personally run the offensive play. The ones who do not become the CFO the partnership replaces when the successor walks in with a thesis.

# What most firms do. What winners do instead.

Every partnership CFO has had the AI conversation. Most are making the same four decisions. A smaller group is making different ones.

## THE DEFAULT PATH

### Route AI capital through IT

Sign the COO's requisition. Productivity line in the annual plan. Head of Technology owns the roadmap within eighteen months.

### Hold the billable hour, ship AI quietly

Client value rises forty to sixty percent. Bill rate flat. Realisation drifts three to five points below plan.

### Run realisation on a lagging dashboard

Monthly cadence. Three scenarios take a week. Below-plan quarters produce no practice story until the post-mortem.

### Cut the controller layer for the Q1 distribution

Headcount down fifteen to twenty-five percent. Empty succession bench in 2031. External CFO hire the year after.

## THE WINNERS' PATH

### Route AI capital through the M&A hurdle

Alternatives against rainmaker retention, tuck-in, distribution. One capital line, five options, one choice.

### Migrate to three pricing mechanics

Fixed-fee on Procedure, outcome on Grey Hair, retainers on Brains. AI value converts to realisation recovery.

### Rebuild realisation as a driver graph

Ten scenarios in an afternoon. Below-plan quarters surface the practice story in the same audit committee.

### Redesign the junior pathway around judgment

New hires pair with agents on realisation, capital exposure, governance. Bench rebuilds faster than it would have grown.

*The default path shows a cleaner Q1 distribution. The winners' path has friction for three quarters and compounds from month fifteen. The CFO is either authoring partner capital or administering it.*

# Capital Allocation. Forecast Credibility. Value-Creation Narrative.

*Three questions every partnership CFO is tracking. The first is the crux. The other two are how you earn the right to answer it.*

## 01 · CAPITAL ALLOCATION

### Where does the next €3M of partner capital actually compound?

Firm-wide AI platform? Practice-specific tooling? Rainmaker retention package? Tuck-in acquisition of an AI-native entrant? Straight to the distribution line? Today's default: the COO asks, the IT budget funds, the requisition gets signed, and partner-capital authority slides away from the seat. The question is not which tool. The question is whose decision this is.

## 02 · FORECAST CREDIBILITY

### Why did realisation print below plan, and what is the practice-level story?

Your partnership voted on 89% realisation. Your firm is printing 86%. Your Head of FP&A cannot walk the audit committee through the practice-level story because scope creep sits in matter notes, client pricing pressure sits in procurement benchmarks the finance team has never seen, and junior-hour compression sits in timesheet behaviour. Three scenarios used to take a week. They now run in an afternoon. The bar has risen on what credible means.

## 03 · VALUE-CREATION NARRATIVE

### What does this firm do that compounds distributable profit faster than peers?

The audit committee wants the strategy-day preview. The remuneration committee wants the partner-compensation AI impact note. Your sponsor wants the how-we-stay-ahead answer. Three audiences, three documents, three teams, and the numbers underneath them do not match. The CFOs pulling ahead write the thesis once and refresh it continuously from the same data architecture. Three audiences read excerpts of the same document.

# What the firms winning this play are actually doing

---

Four concrete moves any partnership CFO can start this quarter. Each addresses one lever. Pulled together, they become one capital-intelligence asset the firm runs on.

**1****Capital: route the AI-platform decision through the M&A hurdle, not the IT requisition**

Your COO's €3M request is a partner-capital decision. Treat it like one. Present the alternatives on one page: firm-wide AI platform, practice-specific tooling, rainmaker retention package, tuck-in acquisition of an AI-native entrant, straight distribution. ROIC-scored against the same five-year horizon you use for roll-up M&A. Name what you are choosing not to fund to protect the thing you are funding. That is the sentence that keeps authorship at the seat.

**2****Forecast: rebuild realisation as a live driver graph, not a lagging utilisation dashboard**

Your realisation model should draw from live matter data, live timesheet behaviour, live client-procurement signals, and live scope-creep tracking, as one graph rather than five spreadsheets stitched together. Three scenarios compress from a week to an afternoon. Below-plan quarters produce the practice-level story in the same audit committee, not in the post-mortem. Realisation stops being a deliverable on a cadence and becomes a live artefact the CFO invests in continuously.

**3****Pricing: migrate from the billable hour to three mechanics**

Fixed-fee on Procedure work where AI compresses cost to the firm. Outcome or value-based on Grey Hair work where client value is measurable. Retainers on Brains work where the advisory relationship compounds. The billable hour holds for a handful of regulated mandates. The three new mechanics convert the forty to sixty percent client-value uplift into realisation recovery on the matters where AI-native competitors are already quoting. Finance authors the migration plan. Practice heads build against it.

**4****Narrative: write the partner-equity thesis once, refresh continuously**

Three sentences on one page. What does this firm do that compounds distributable profit faster than peers? What capital gets starved to protect it? What gets fed? Refresh the thesis continuously off the same driver graph that runs the realisation forecast. Audit-committee prep excerpts the thesis. Remuneration-committee prep excerpts the thesis. Sponsor capital calls excerpt the thesis. Three audiences, one artefact, three registers. The CFO authors the narrative. The partnership recites it back.

# The only firm that joins partner-capital discipline to working tools

The partnership CFO has four places to go. None can do what we do.

**The big finance transformation practices** will sell a twelve-to-twenty-four-month close-acceleration programme staffed by a partner and analysts billing hours. Their audit arm constrains what they can honestly advise on partnership economics. Their billable-day model requires selling substrate that agents commoditise. They ship a tighter close, not authorship of the moat.

**The finance-tech vendors** will sell platform licences and a long implementation. Your moat has to sit on firm-owned infrastructure or it becomes a vendor asset at renegotiation. The CFO who builds partner-capital intelligence on a vendor stack builds it for the vendor.

**The FP&A and planning specialists** will sell a point solution for one layer: scenario planning, close-acceleration, reporting. None can run the partner-capital-plus-equity-narrative conversation the seat requires.

**The AI-native finance-agent startups** will sell substrate tooling where depreciation is steepest. Buying them does not address who authors the partner-capital decision. A cleaner close, the same authorship gap.

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

## WHAT YOU GET

Senior advisory that speaks boardroom, not deck-room

Working tools your team uses the same week

Custom agents built on your matters, your practices, your data

The start of a capital-intelligence layer your FP&A owns

No vendor lock-in at any phase of the engagement

## WHY IT MATTERS

Founded by operators who have carried CFO-adjacent seats

Business first, technology second

Three weeks from first meeting to working tools

Your team keeps the tools, you own the IP

Every next step earned by what just shipped, never assumed

# Three sessions with your finance leadership. Working tools from week one.

*We start with your finance leadership team because the change cannot outrun the team'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 sector and inside your finance function. Build the first piece of tooling in the room: a live realisation driver agent on your real matter data, running against real timesheet, scope, and procurement signals. Your leadership team leaves with a shared view of what to do next and the first piece of working tooling already in their hands.

## WORKSHOP 02

### Your finance tooling

A half-day build. Your Controller, Head of FP&A, Treasurer, and Head of IR each leave with five to ten pieces of working tooling tuned to their function. Realisation agents. Continuous scenario generation. Partner-compensation modelling. Audit-committee pack drafting. Tooling your team is using the same week, not decks about tooling.

## WORKSHOP 03

### Ready to run

Refined tooling based on real use. The rollout plan to the wider finance organisation. The partner-capital thesis for the next audit committee. The pricing-migration roadmap for the practice heads. And the Managing Partner and sponsor conversation with numbers they can check: ROIC alternatives, realisation ranges, moat measurement.

*Three weeks. No IT project. No partnership-wide approval needed to start. The tooling your finance function is already running on when we finish.*

# For your next audit committee

---

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

*Your COO wants €3M for a firm-wide AI platform. Is it in the IT budget as a productivity line, or on the capital page as one option among five? If the former, what would it take to move it before the next partnership meeting?*

*Your partnership voted on 89% realisation. Your print is 86%. Can your team walk the audit committee through the practice-level story in the same meeting, or does it take a post-mortem? If the latter, what data architecture is missing?*

*Your AI-native competitors are quoting on two or three pricing mechanics. You are on the billable hour. What is the twelve-month plan to migrate from one mechanic to three, and who on your team is authoring it?*

*Your sponsor, your audit committee, and your remuneration committee have each asked for a different AI-and-partnership document in the last ninety days. Are they excerpting the same thesis, or are your teams drafting three documents that do not reconcile?*

*Of the junior controllers and FP&A analysts you are cutting to agents this year, how many are the people who would have made your 2031 succession bench? What are you doing instead to build that bench?*

*If any of these produces a disagreement in your finance leadership, that is the conversation worth having before the partnership asks.*

IN THIS SERIES

# There's a version of this briefing for every seat at the table.

GRAIL has produced industry briefings calibrated to the specific reality of each C-suite role.

## CEO

**Revenue. Margin. Valuation.**

Three numbers your board reads. AI is rewriting all three in your industry.

## CFO

▶ YOU ARE READING

**Capital. Forecast. Story.**

What you allocate this year is the story your board reads next year.

## COO

**Cheaper. Better. Faster.**

The triple threat that used to be a tradeoff is now table stakes.

## CHRO

**Capacity. Capability. Promise.**

The biggest talent transition of a career. Compete on capacity, not headcount.

## CPTO

**Moat. Speed. Allocation.**

The platform moat that survives 2028 is being chosen this year.

## CCO

**Margin. Pace. Position.**

The whole GTM playbook is being rewritten in real time, across every commercial team at once.

Visit [grail.works](https://grail.works) for the full series.

**GRAIL**

An AI-native management consultancy helping European mid-market leadership teams figure out what fundamentally changes about their business as AI enters their industry.

[www.grail.works](https://www.grail.works)