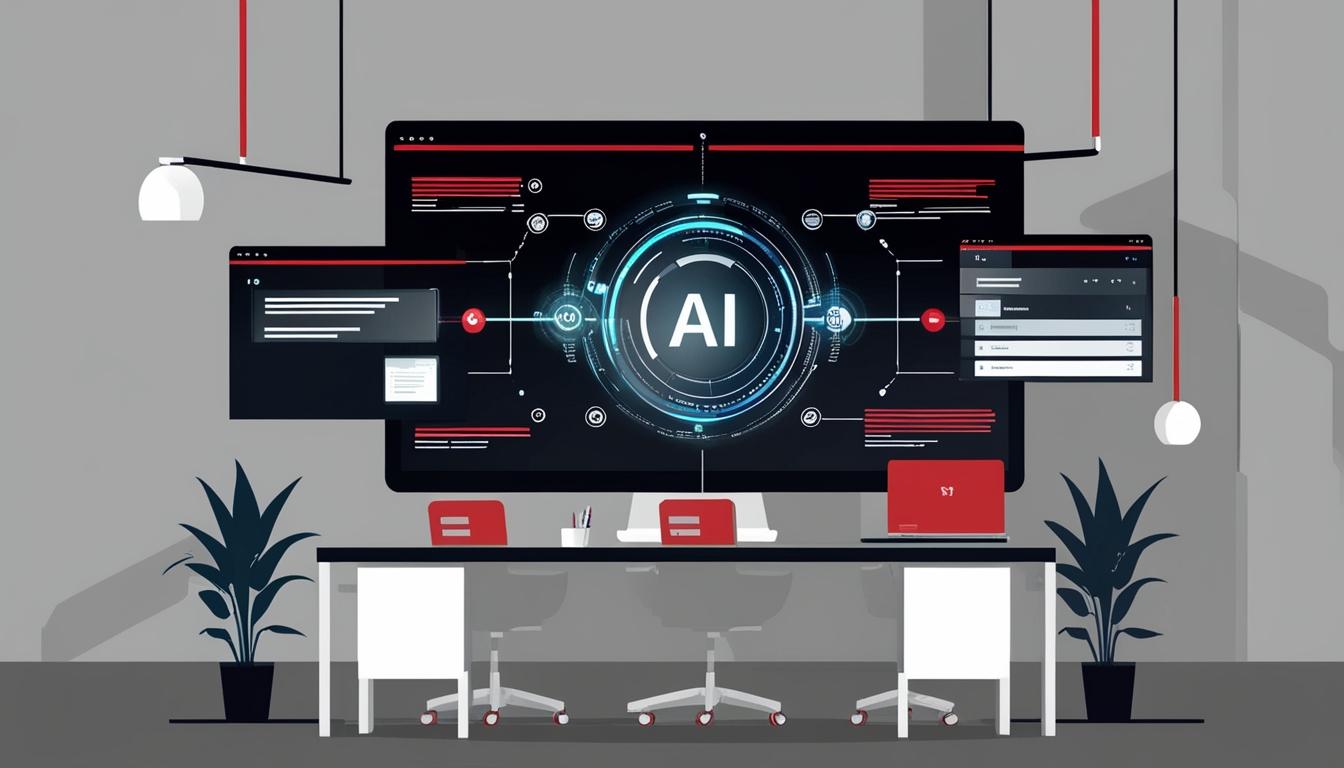
# AI set to transform consulting practices



As artificial intelligence (AI) and emerging technologies reshape various industries, the consulting sector is poised for significant transformation, primarily due to its labour-intensive business model. Bill Farrell, the Managing Partner for IBM Consulting in the Middle East & Africa, discusses the expected changes in the consulting landscape, emphasizing the integration of AI and Generative AI (Gen AI).

By the year 2026, executives anticipate that spending on consulting services will surpass 4% of total revenue, reflecting not only an increase in expenditure but also heightened client expectations. A recent IBM study revealed that an impressive 86% of consulting buyers are actively seeking services that leverage AI and technology assets. Farrell notes that current consulting business models may not suffice to address the challenges that lie ahead. He stated, “Consultants must develop new delivery approaches leveraging AI to meet evolving client expectations, or risk being outpaced by competitors.” The data underscores that 66% of consulting buyers are willing to discontinue their relationships with firms that do not incorporate AI into their offerings, highlighting the urgent need for a redesigned consulting operating model.

Traditionally, consulting practices have relied heavily on opinion-driven, time-intensive models, which may not adequately meet the fast-changing demands of businesses today. As technology advances, companies are compelled to ensure greater certainty in outcomes while swiftly capitalising on new opportunities. Acknowledgeably, this necessitates a shift in processes, alongside the development, testing, and rapid deployment of new solutions and services. The current consulting approach lacks the agility needed for large-scale acceleration, which AI and automation promise to offer. By utilising these technologies, consultants can extract valuable insights, expedite service delivery, eliminate laborious manual tasks, and redirect focus towards enhancing client value.

In the words of Farrell, “At IBM, we have supercharged the expertise of our global team of 160,000 consultants with IBM Consulting Advantage, our AI-powered delivery platform,” which offers access to a rich library of software assets and methods, including AI agents and applications. This initiative is designed to ensure that consultants are well-equipped to effectively leverage AI technologies.

In the imminent era of consulting, there are five key trends that consultants must stay abreast of to bolster their clients’ competitive advantages this year. Firstly, there is a pressing need for organisations to reskill their workforce to harness the benefits of agentic AI, which can significantly enhance business operations by automating repetitive tasks and allowing consultants to dedicate more time to resolving complex issues. It is projected that by 2024, around 35% of the global workforce will require reskilling, amounting to over one billion workers.

Additionally, the phenomenon of technical debt continues to escalate, whereby existing infrastructure struggles to accommodate next-generation applications and software. Only a quarter of executives express confidence in their organisation's IT systems being capable of supporting the scaling of AI across the board. Leaders are increasingly recognising that short-term workarounds, while facilitating immediate technological advancements, often accrue lasting technical debt that stifles innovation and growth in the long run.

Geographic considerations have also become paramount in AI deployment; businesses are re-evaluating operational locations based on strategic advantages offered by talent pools, data ecosystems, and infrastructure. Emerging data indicates that two-thirds of executives observed changes in their organisation's operational strategies linked to AI utilisation in 2024, with a striking 93% expecting these impacts to heighten further by 2026.

While the swift pivot to AI has altered information technology budgets, there is an expectation of imminent self-funding capabilities. A staggering 95% of executives believe that generative AI will start to be at least partially self-funded by 2026. Moreover, the ambition for AI-driven product and service innovation sits at the forefront of CEO priorities; an overwhelming majority, 85%, foresee AI facilitating business model innovation, and 89% predict that it will ignite product and service innovation within the next three years.

To fully harness AI's innovative potential, enterprises are advised to focus on designing the human-machine interaction thoughtfully, establishing robust governance frameworks, and reorganising internal structures and workflows.

As the consulting industry undergoes this paradigm shift, it is clear that AI is instrumental in redefining traditional business practices. By prioritising human empowerment, redefining operational methodologies, and revolutionising service delivery through AI, consulting firms can position themselves as essential strategic partners for clients seeking growth in this new technological landscape. In a recent commentary, Jonathan Wright, another IBM Consulting leader, cautioned European consultants that large language models and Generative AI will soon become standard practice in management consulting.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

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* <https://www.ibm.com/thought-leadership/institute-business-value/en-us/report/consulting-ai> - This report from IBM explores how AI is redefining the consulting industry, with executives expecting increased spending on AI-enabled consulting services.
* <https://boardroomadvisors.co/will-artificial-intelligence-ai-replace-consultants-future-of-consulting/> - This article examines the impact of AI on the consulting industry, emphasizing collaboration between AI and human consultants for innovative solutions.
* <https://www.consultancy-me.com/news/10130/how-ai-and-gen-ai-will-transform-the-consulting-industry> - It mentions the urgent need for consulting firms to incorporate AI into their services to avoid losing clients.
* <https://www.ibm.com/thought-leadership/institute-business-value/en-us/report/consulting-ai> - The report highlights that 86% of consulting buyers are actively seeking services that leverage AI and technology assets.
* <https://boardroomadvisors.co/will-artificial-intelligence-ai-replace-consultants-future-of-consulting/> - This article discusses how AI can automate tasks and provide insights, but lacks strategic decision-making capabilities.
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* <https://www.ibm.com/thought-leadership/institute-business-value/en-us/report/consulting-ai> - The report mentions the need for robust governance frameworks to support AI integration.
* <https://boardroomadvisors.co/will-artificial-intelligence-ai-replace-consultants-future-of-consulting/> - This article emphasizes the role of AI in enhancing consulting services through data analysis and insights generation.