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SPECIAL REPORT

The Pyramid Is Cracking

How AI and Decentralisation Are Rewriting the Big Four Business Model

A data-driven analysis for Big Four professionals, institutional investors, and corporate clients.

Executive Summary

For seventy years, the Big Four — Deloitte, PwC, EY, and KPMG — have operated on a single durable premise: sell senior judgment, deliver it with junior labour, and pocket the spread. A partner signs the engagement. Associates do the work. Clients pay partner rates for associate hours.

Artificial intelligence is dismantling the labour half of that equation. Simultaneously, a new class of decentralised professional services firms is emerging — structured around experienced practitioners, AI augmentation, and direct client relationships — that threatens to capture what the pyramid leaves behind.

This report examines the numbers, the structural shift, and the emerging alternative.

PART I: The Machine Behind the Margin

How Big Four Billing Actually Works

A mid-level Tax Associate at PwC in New York earns approximately **$85,000 per year** in total compensation. [1] Working approximately 2,100 hours annually — 1,700 of which are billed to clients — the associate's effective internal cost to the firm is **$40.48 per hour**. The firm bills that same associate to the client at **$175 per hour**. [2] The arithmetic is not subtle.

	Annual	Per Billable Hour
Paid to associate	$85,000	$50.00
Billed to client	$297,500	$175.00
Gross spread (pre-overhead)	$212,500	$125.00
Overhead allocation (est. NY)	$52,500	—
Net profit to firm	**~$160,000**	**—**
Net margin	**—**	**53.8%**

The associate generates **3.5× their own salary** in client revenue. They keep **28.6 cents of every dollar** they produce. The Big Four provide infrastructure, brand, regulatory standing, and career frameworks that justify the arrangement. The question is whether those justifications hold when AI eliminates the productive mechanism that makes the model run.

PART II: The AI Inflection Point

$6 Billion In. Headcount Out.

- **EY** — $1.4 billion annually in AI. [3] 150 AI agents deployed to 80,000 tax staff. Scaling to **100,000 AI agents by 2028**. ■
- **PwC** — 25,000 intelligent agents via *agent OS*. $12 billion technology investment met one year early. ■ ■
- **Deloitte** — *Zora AI* with Nvidia; Anthropic Claude deployed to **470,000 employees worldwide**. ■
- **KPMG** — *KPMG Workbench* (Microsoft); *Clara* audit platform used by **95,000 auditors globally**. ■

Combined public AI commitment: over **$6 billion in 18 months**. ■

The Headcount Response Is Already Visible

- **PwC** — cut **5,600 staff in H1 2025**. US graduate hiring to fall by **a third over three years**, citing 'the impact of AI.' [1■]
- **KPMG** — graduate intake cut from 1,399 to **942 — a 29% reduction**. [11]
- **Deloitte** — graduate intake down **18%**; **EY** down **11%**. [12]
- KPMG eliminated **330 US audit positions** in late 2024 — ~4% of its American audit workforce. [13]

Goldman Sachs Research estimates **300 million jobs globally** are exposed to AI automation. [1■] Routine tax, audit, and compliance work ranks among the most structurally exposed.

What AI Is Replacing — Level by Level

Role	Exposure	Tasks Being Automated
Tax / Audit Associate	Very High	Return prep, data entry, document review, reconciliations
Senior Associate	High	Anomaly flagging, review workflows, standard reporting
Manager	Medium	Routine models, due diligence review, gap analyses
Senior Manager	Lower	AI assists; human oversight and sign-off remain
Partner	Low	Client relationships, judgment, regulatory accountability

PwC's AI assurance leader, Jenn Kosar: *"AI is functioning at more of the staff and routine task level — that's what we're building for."* [1■]

KPMG's global AI workforce lead, Niale Cleobury: *"We want juniors to become managers of agents."* [1■]

The implication is structural, not cyclical. The base of the pyramid is not shrinking temporarily. It is being replaced permanently.

PART III: The Math No One Runs For You

What You Actually Earn Per Hour

	Hrs/Week	Hrs/Year	Annual Income	Effective Hourly
Big Four (NY) — 80 hrs/week	80	4,160	$85,000	$20.43/hr
Independent + AI (EMBOA) — 24 hrs/week	24	1,248	$187,200	$150.00/hr

A **7.3× improvement in effective hourly compensation**, achieved on **70% fewer hours**.

The Full Comparison

	Big Four (NY)	Independent + AI
Hours per week	80	24
Total hours worked / year	4,160	1,248
Bill rate	$175/hr → firm	$150/hr → you
Revenue generated	$297,500	$187,200
Revenue you keep	$85,000 (28.6%)	$187,200 (100%)
Effective hourly take-home	$20.43	$150.00
Annual income	**$85,000**	**$187,200**

Annual income: **+$102,200 (+120%)** · Hours worked: **2,912 fewer/year (–70%)** · Client bill rate: **$25/hr lower** — the client pays less and gets more.

What You Get Back

	Life Hours / Year	Full Days / Year
Big Four — 80 hrs/week	4,576	191 days
EMBOA — 24 hrs/week	7,488	312 days
Difference	**+2,912 hours**	**+121 full days**

121 days of life. Returned. Every year. That is not a rounding error. That is four months.

The number no one tells you

Working 80 hours/week, you generate **$297,500** for your firm. You take home **$85,000**. The firm keeps **$212,500** — 71.4% of everything you produce. Your real hourly rate: **$20.43/hr**.

At EMBOA, billing 24 hours/week at $150/hr: you earn **$187,200** — 120% more — and get back **121 days of your life** every year.

PART IV: The Decentralised Member Firm

A Structural Response to a Structural Shift

What is emerging in response is a new organisational form: the **decentralised member firm network**. Rather than a pyramidal hierarchy with centralised governance, cost allocation, and margin extraction, the model aggregates experienced practitioners — typically former Big Four Senior Managers, Directors, and Partners — into a federated global structure:

Shared brand & credentialing	without shared overhead
Direct client ownership	at the practitioner level — not the firm's
AI agent tooling	as the productivity multiplier replacing junior headcount
Global reach	through distributed membership, not physical offices
Full margin capture	not 28.6 cents on the dollar — the whole dollar

The Markets Being Addressed Are Not Shrinking

The disruption is to the delivery model, not the demand. The global tax advisory services market is projected to grow at **5.9% CAGR through 2029**. [1■] The private client tax services market was valued at **$28.6 billion in 2025**, projected to reach $52.4 billion by 2034 at **6.9% CAGR**. [1■] Clients still need the work done. They do not need it done by a team of associates billing at $175/hr under a partner who signs the cover page.

Why Senior Talent Is Already Moving

Business Insider reported in August 2025 that professional services firms are experiencing a talent 'exodus' as senior leaders leave for smaller firms and AI-focused startups. [1■] KPMG and EY have begun **demoting UK senior equity partners**, replacing equity roles with salaried positions. [2■] One former PwC partner: *"a club that you can't get into anymore."* [21]

PART V: What This Means

For the Big Four Professional

The career arithmetic has changed in a way that is not reversible by the next promotion cycle. You are generating $297,500 for the firm on $85,000 of take-home pay, working 80 hours a week. The path to partnership is taking longer, delivering less equity, and competing with AI for the work that used to define the role. The alternative delivers more than twice your current income, on less than a third of your current hours, at a billing rate below what your firm already charges your clients.

For the Investor

The Big Four generated combined global revenues of approximately **$230 billion in 2024**. [22] That revenue base is not at near-term risk. What is at risk is the scalability constraint that historically capped boutique competitors: talent. AI removes the headcount constraint. A decentralised network of experienced practitioners with AI agent tooling can address client volumes previously requiring multiples of the headcount — at unit economics structurally superior to the traditional model.

For the Client

Clients have always paid partner rates and received associate work. An experienced independent practitioner offers direct senior engagement on every piece of work, a lower blended rate, and continuity of relationship that does not reset each time the firm rotates staff. For clients whose real asset is a relationship with a specific professional — not the firm's letterhead — the incentive to follow that professional is straightforward.

Conclusion

The Big Four business model is not collapsing. It is confronting a structural contradiction it cannot resolve through internal investment alone: the technology it is deploying to improve efficiency is the same technology that eliminates the rationale for the pyramid that generates its margin.

The margin does not disappear. It migrates — to whoever is positioned to capture it with less friction, less overhead, and more direct delivery of value to the client.

The alternative is $150.00 per hour. Twenty-four hours a week. One hundred and twenty-one additional days of your life, every year. The math does not require interpretation.

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