



WHEN TECHNOLOGY BECOMES A PRICING LEVER

The Structural Shift in Audit
Economics

WRITTEN BY

Amber Dorst
Co-Founder & VP of Strategy
AuditMiner

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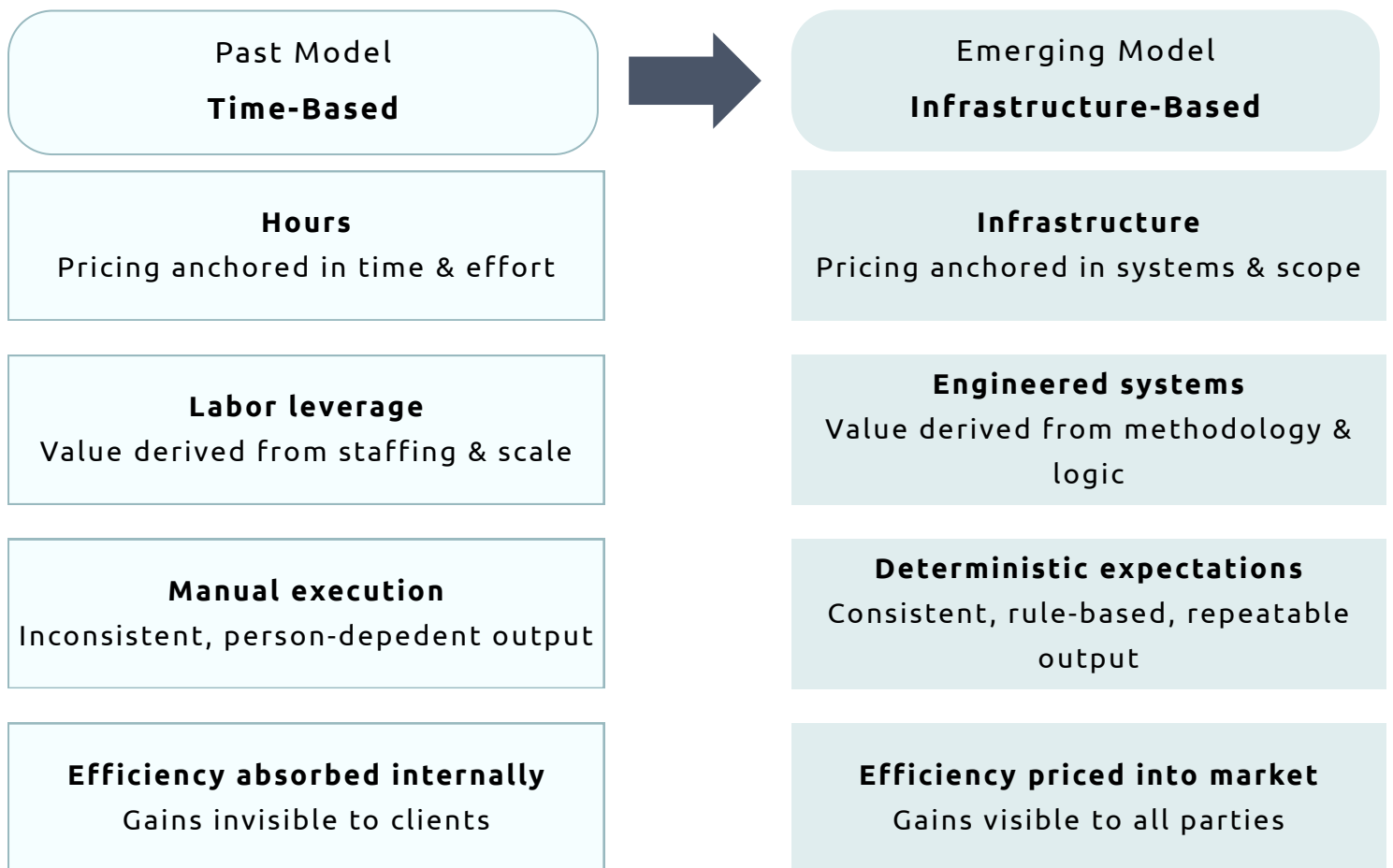
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EXECUTIVE SUMMARY

The economics of audit are shifting.

In 2026, KPMG negotiated a 14% reduction in its own audit fee, citing AI-driven efficiencies as justification.¹ This marked a visible change in how technology is discussed in the profession. Automation is no longer positioned only as a quality enhancer or productivity tool. It is now being referenced in pricing conversations.

When technology becomes part of the fee discussion, the model changes.



Executive Summary Cont.

The Precedent

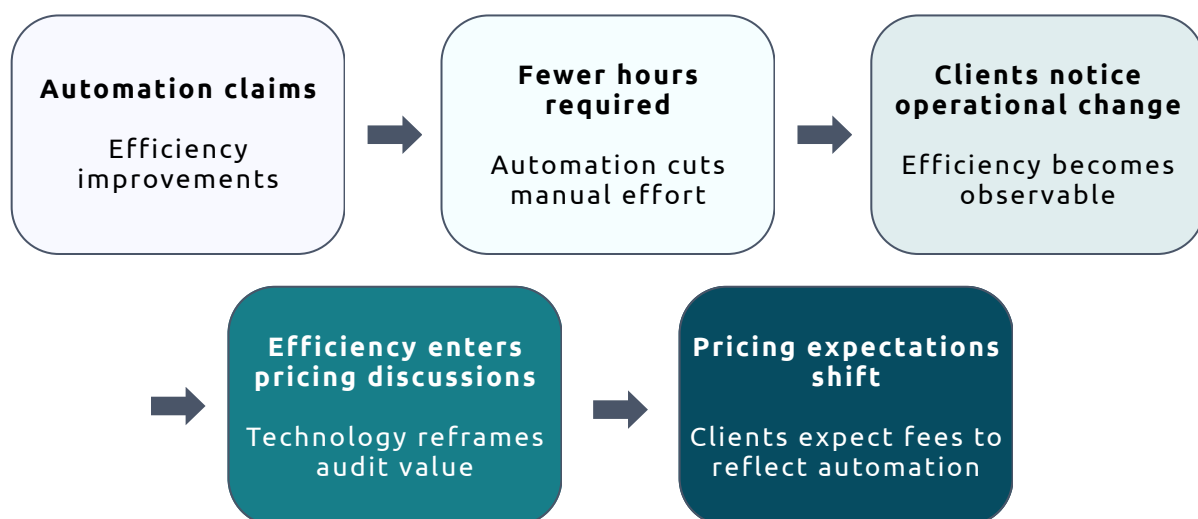
Historically, audit pricing has been anchored in hours, staffing leverage, engagement complexity, and professional judgment. Efficiency improvements were absorbed internally. Today, efficiency is becoming an expectation.

The market is moving from technology improves audits to technology should reduce audit cost. That shift introduces structural pressure.

Firms that treat automation as an operational enhancement will face margin compression as efficiency becomes priced in. Firms that treat technology as infrastructure, operationalizing methodology, standardizing data execution, and extending audit logic into continuous compliance, will reshape their economics rather than defend them.

This paper examines that structural transition and outlines the strategic divide emerging in the profession. This is not a cyclical adjustment.

It is a redefinition of how audit value is delivered and priced.



Technology Is Now a Pricing Lever

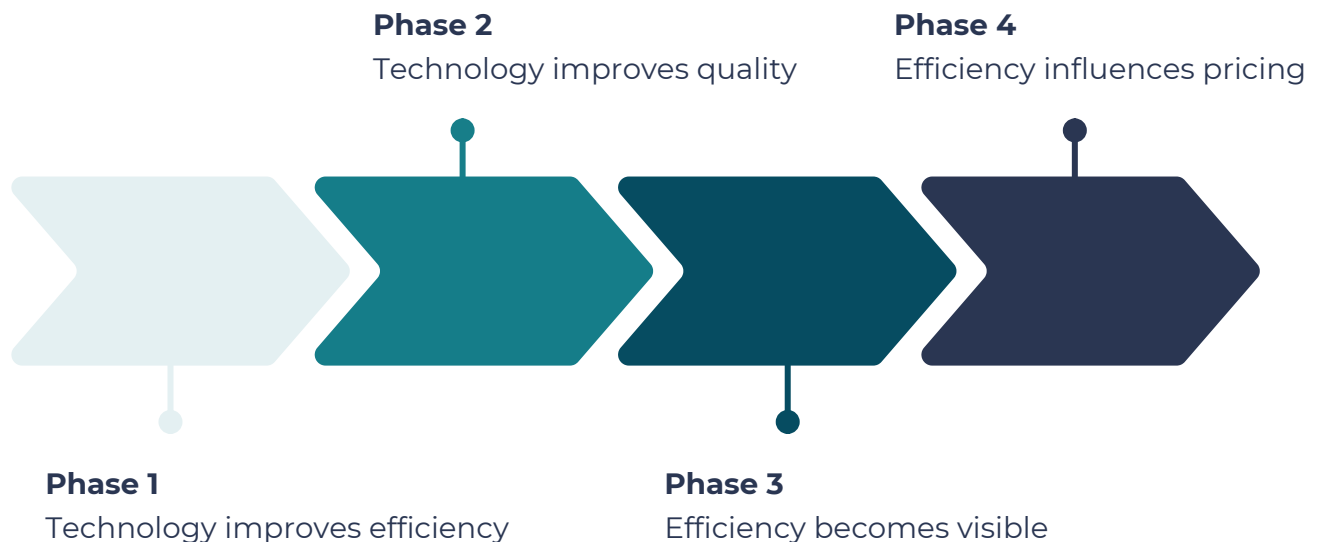
The Precedent

In early 2026, the Financial Times reported that KPMG negotiated a 14 percent reduction in its own audit fee, citing efficiencies driven by artificial intelligence.¹ The firm argued that automation reduced the effort required to perform the engagement. The auditor agreed to a lower fee.

This was not framed as a marketing claim about innovation. It was a pricing negotiation grounded in efficiency.

For several years, audit firms have communicated that automation improves planning, accelerates documentation, enhances risk assessment, and strengthens quality. These claims positioned technology as a value enhancer. The economic impact remained internal.

The KPMG negotiation represents a shift in framing. When automation is presented as reducing the work required to perform audit procedures, it moves beyond internal optimization. It becomes part of the pricing conversation.



Technology Is Now a Pricing Lever Cont.

From Efficiency Tool to Pricing Variable

Once automation is acknowledged as reducing effort, it becomes reasonable for clients to expect lower fees. The logic is simple. If technology reduces hours, fees should reflect that reduction.

Historically, efficiency gains were absorbed internally. Workflow improvements and standardized tools increased leverage, but pricing remained anchored in professional judgment and risk management. The mechanics of delivery were largely invisible.

Automation changes that visibility.

As technology becomes a visible component of audit execution, it enters the value assessment. The market begins to separate professional judgment from operational execution: judgment remains scarce and valuable, operational execution is increasingly automatable.

And when economics shift, strategy must follow.



THE END OF TIME-BASED AUDIT ECONOMICS

For decades, audit pricing has been anchored in time — hours incurred, staffing leverage, engagement complexity, risk profile. Professional labor was the primary cost driver. Technology improved workflows but did not alter that foundation. Efficiency gains were absorbed internally.

That model is weakening.

When automation reduces operational execution, time becomes a less reliable pricing anchor. Efficiency is no longer invisible, and once visible, it influences expectations. Firms can attempt to preserve pricing while reducing internal effort, but when automation becomes standard, efficiency becomes priced in.

Judgment remains essential. Manual execution does not. As automation replaces mechanical tasks, the case for asking clients to subsidize legacy processes disappears.

Outcome 1

Fee Compression

Efficiency lowers
audit fees over
time

Outcome 2

Scope Expansion

More coverage,
deeper analysis,
broader insight

Outcome 3

Infrastructure firms win

Systems redefine
how audit value is
delivered

And once time no longer anchors pricing, firms must redefine what does.



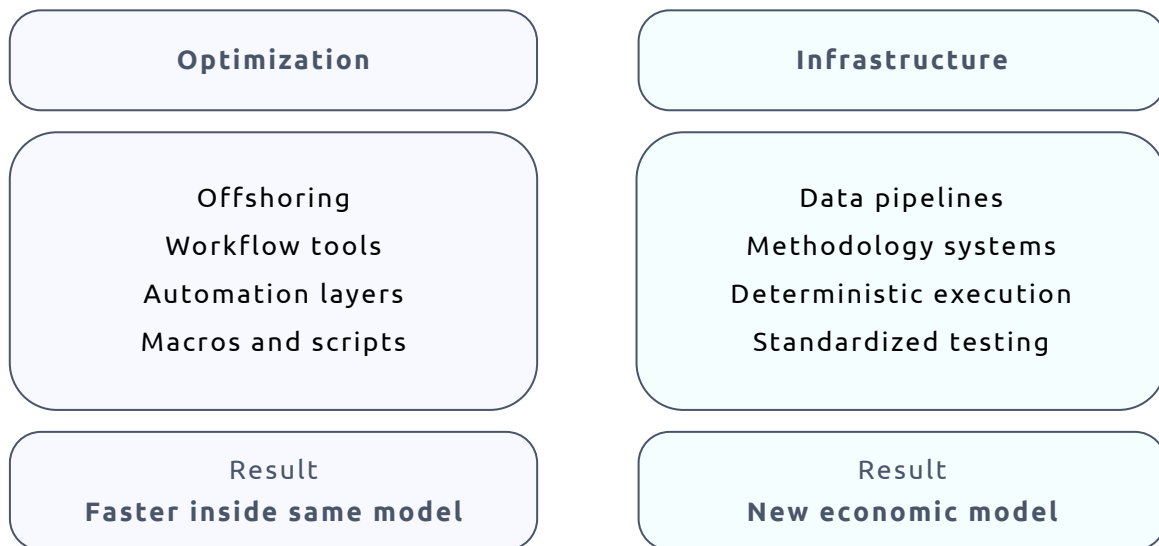
OPTIMIZATION IS NOT A STRATEGY

As efficiency pressure increases, firms respond operationally: reducing labor costs through offshoring, accelerating fieldwork with project management tools, automating documentation, managing margin volatility, and closing gaps with in-house scripts and macros.

Each of these actions addresses a symptom. None changes the economic structure of audit delivery.

When every firm adopts similar tools and automation overlays, efficiency becomes standard. And once efficiency becomes standard, it becomes expected. Expected efficiency does not command a premium. It compresses it.

Operational optimization protects margin only while efficiency remains invisible. Once automation enters the pricing conversation, cost reduction alone is no longer an advantage.



Firms that focus solely on workflow improvements run faster inside the same model. Firms that build infrastructure change the model.

Efficiency is defensive. Infrastructure is strategic.

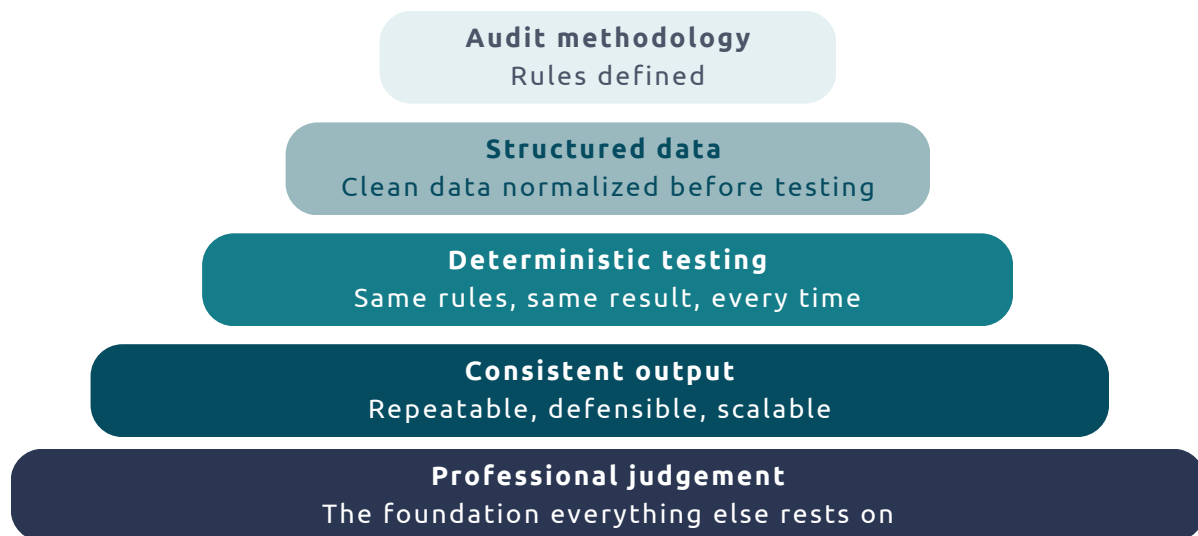


DETERMINISTIC SYSTEMS WIN

Audit is a rules-based discipline, and execution requires consistency. A deterministic system applies the same rules and produces the same result every time — no variation based on who performs the work, no estimation, no judgment. Just rules, executed as defined.

This is not new. Banking systems have applied transaction rules consistently for decades. Payroll platforms calculate eligibility automatically at scale. Tax software executes statutory thresholds without variation. These industries did not wait for AI. They built engineered systems around defined rules.

Audit operates on the same foundation. What is changing is not the theory. It is the industry's adoption curve.



As pricing pressure increases, rule-based execution cannot remain manual. Infrastructure must translate methodology into structured systems, normalize data before testing, and produce repeatable, defensible output. Controlled execution scales without proportional labor growth — automate the rules, preserve judgment for professionals.

Technology is not strategic because it is advanced. It is strategic because it is engineered.



OPERATING MODEL EVOLUTION

Over the past two decades, the technology industry has not simply adopted new tools. It has redesigned its operating model — moving to cloud infrastructure, automated deployment, and recurring revenue. Revenue stabilized. Scalability improved. Margins expanded. The companies that led did not layer innovation onto old systems. They rebuilt how value was produced and delivered.

Audit is not a technology company, but it is a rule-based discipline operating under increasing pricing pressure. The principle is the same. Layering tools onto a labor model does not change economics. Rebuilding delivery around structured infrastructure does.

01

Is the technology we're investing in improving our productivity or reshaping how audit work is executed?

02

How do we position automation in conversations with clients and audit committees?

03

Are we standardizing how data is collected, structured, and analyzed across engagements?

04

How might automation influence pricing expectations over the next five to 10 years?

05

What capabilities will define the next generation of audit services?

Banking, payroll, and tax compliance made this transition years ago — not by eliminating professional judgment, but by systematizing rule-based logic. Audit is not chasing the future. It is aligning with a model that already defines modern rule-based industries.

The opportunity is not to "use AI." It is to redesign how audit is produced. Firms that treat this moment as an operating model shift, not a tool upgrade, will define the next decade.



Conclusion

The audit profession is not facing a technology trend. It is facing an economic shift. Automation has entered the pricing conversation, time-based justification is weakening, and efficiency is becoming expected. These forces will not reverse.

The response cannot be incremental. Reducing hours inside a labor model will not protect long-term positioning. Layering tools onto manual processes will not change economics. The firms that lead in the next decade will be those that redesign how audit is produced, measured, and scaled through engineered infrastructure.

This moment is not about adopting advanced tools. It is about operating model evolution. Other rule-based industries made this transition years ago by systematizing logic and preserving judgment. Audit now stands at the same point. The future will not be defined by who works faster, but by who builds better systems.

About AuditMiner

AuditMiner helps firms move beyond spreadsheets by delivering complete, accurate, and audit-ready data. We eliminate the back-and-forth of client requests, reduce manual reconciliation, and give auditors confidence that they are starting with the full dataset.

Say goodbye to chasing files and patching spreadsheets, and hello to smarter audits built on data that works as hard as you do.



auditminer.com
hello@auditminer.com
402-257-5627